Annual Report 2002/2003

HIGHLIGHTS

Building a better public health care system

104-02414/

This year the Ministry of Alberta Health and W
many reforms recommended by the Premier's A
Health in consultation with its key partners: he
and health care professionals.

Accessible, quality care

The Ministry and its partners explored ways to make the best use of health care professionals and improve access to health care:

New alternate funding plans for academic physicians

New compensation agreements were reached to give 220 academic physicians more time to concentrate on teaching, conduct research and consult with patients.

New Health Professions Advisory Board

Twelve Albertans were appointed to the new Health Professions Advisory Board to investigate applications for regulation of professions under the *Health Professions Act* and consider requests for expanded scopes of practice and restricted activities.

Alberta wait list registry

Pilot testing of the Alberta wait list registry began. The registry will put wait lists for selected procedures on the Internet to help Albertans and their physicians plan where they can go for surgical and diagnostic procedures.

Increased funding to province-wide services

Vital procedures such as heart surgeries and kidney dialysis, received $418 million in 2002/2003, an increase of six per cent over the previous year.

Measures and results

The 2002 Annual Health Survey showed while most Albertans were satisfied with the quality of health care they received, 62 per cent reported health services were easy to access, compared to 64 per cent in 2001.

Protection, promotion and prevention

Actions to help Albertans live healthy lives and avoid injury and disease were a critical focus this year.

Healthy U campaign

A public information and education campaign was launched to encourage

ellness implemented
dvisory Council on
lth authorities

Albertans to lead healthier lifestyles. The *Healthy U* campaign included television and radio advertisements, a newspaper supplement, and a Web site that directs visitors to reliable health information.

Ten-year health targets and strategy

A cross-ministry committee developed 10-year objectives and targets for nine key health issues, including diabetes, obesity, physical activity, chronic heart and lung disease, substance abuse and accident injury. Strategies to reach the targets were identified.

Alberta diabetes strategy

A new strategy was developed to provide financial assistance for low income Albertans, improve screening for diabetes and address complications for Aboriginal people living off reserve. This plan also proposes prevention initiatives and new approaches for the care and management of diabetes.

Two new vaccines

Conjugate meningococcal and conjugate pneumococcal vaccines were added to Alberta's routine immunization program for children, starting at age two months. These vaccines protect children from meningitis, serious blood infections and pneumonia at a cost of $20 million annually.

Tobacco reduction strategy

The Alberta Alcohol and Drug Abuse Commission (AADAC) launched an information campaign to reduce tobacco use in Alberta. The *To Tell the Truth* campaign included television, radio advertisements and a magazine that carried facts about the dangers of tobacco. A toll-free Smoker's Help Line was established to help Albertans quit smoking.

The *Prevention of Youth Tobacco Use Act* was proclaimed to make it illegal for anyone under the age of 18 to use or possess tobacco in a public place.

Measures and results

Self-reported health status in both the 16-to-64 and 65-and-over age groups increased slightly in 2003. A substantial majority of Albertans report they are in good to excellent health.

Health system and Ministry effectiveness

The Ministry worked towards achieving a more accountable, efficient and effective health care system.

Quality health care

The Canadian Institute for Health Information confirmed that Albertans receive high quality care in its *Health Care in Canada 2002* report. Alberta performed better than the Canadian average in several areas, including per-person health spending, joint replacement surgery and heart attack survival rates.

Alberta's Report on Comparable Health Indicators finds Albertans experience lower rates of in-hospital mortality rates for heart attacks and strokes, lower potential years of life lost for lung cancer, colorectal cancer, heart attack and stroke and lower hospital re-admission rates for heart attacks.

New efficiencies

The Alberta government accepted 49 of the 50 recommendations of the Committee on Innovation and Collaboration report to make Alberta's regional health authorities more co-operative, innovative and accountable. New multi-year performance agreements will be established later in 2003 that will require regional health authorities to work together to develop new models of care, create centres of specialization and contract with a blend of providers to offer a range of services.

By April 1, 2003, the transition to convert Alberta's 17 health regions to nine regions will be complete. The change to fewer, larger regions, and

the transfer of mental health services to regional health authorities, responds to the recommendations of the Premier's Advisory Council on Health.

Two Pharmaceutical Information Network (PIN) pilot projects were successfully conducted in Westlock and Leduc. The projects demonstrated that electronic medication information results in more effective decisions about drug prescriptions for patients.

Measures and results

Staff in other ministries continued to report high levels of satisfaction with Alberta Health and Wellness' contribution to cross-government initiatives. Public self-rated knowledge of health services improved slightly over 2002.

Ministry financial results and funding priorities

Access to a quality, publicly-funded health care system continued to be a top priority for government in 2002/2003. During this period, the Ministry expended $6.841 billion. This represented 33.1 per cent of total government expense.

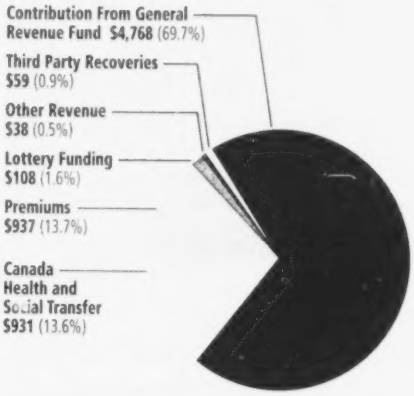
The $6.841 billion expense is an increase of $515.8 million (8.2 per cent) over 2001/2002. This is an extra $1.4 million per day.

The increased spending reflects:

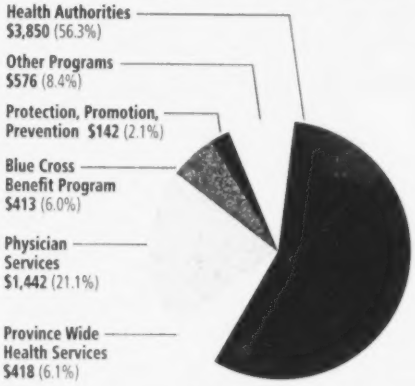
- An increase to support the delivery of acute, long-term and continuing care as well as mental health and cancer services to Albertans: **$247.2 million**.
- Continued access to critical health services such as heart surgeries and kidney dialysis: **$23.6 million**.
- Delivery of services by physicians in both community and hospital settings as well as the development of alternative compensation arrangements and innovative service delivery models: **$214.7 million.**
- Continued demand for non-group drug benefits, primarily by seniors: **$49.4 million**.
- The first year of a three-year commitment to provide a province-wide telephone health information and advice service (Health Link): **$10.9 million.**
- Implementation of recommendations from the Premier's Advisory Council on Health, including the Healthy U public information campaign and new payment plans for academic physicians: **$12.5 million.**
- Activities and programs that protect, promote health and prevent disease, including the Alberta Tobacco Reduction Strategy: **$19.4 million.**
- Increases in health care insurance premium write offs: **$17.9 million.**
- Termination of the Extended Health Benefits program, which provided assistance to seniors with optical and dental costs: (**$23.5 million**). Increased funding was allocated to Alberta Seniors to assist low-income seniors.
- Completion of the federal government's commitment for medical/diagnostic equipment: **$48.9 million.**
- Completion of an initiative to ensure health authorities maintain consistent information on health services: **$7.4 million.**

The audited financial statements are included in Section I of the Ministry Annual Report.

Sources of funding ($ millions)



How funding was spent ($ millions)



Total $6,841 million

HIGHLIGHTS

Our Vision

Citizens of a healthy Alberta achieve optimal health and wellness.

The slogan "Healthy Albertans in a healthy Alberta" reflects this vision.

The Government of Alberta wants Albertans to:

- realize their full health potential in a safe environment with appropriate income, housing, nutrition and education; and
- play a valued role in family, work and their community.

Alberta Health and Wellness contributes to that effort by ensuring Albertans have equitable access to affordable, effective and appropriate health and wellness services, when they need them.

The vision also requires individuals to take responsibility for their own health.

Our Mission

To maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders.

Two core businesses support this mission:

1. Deliver quality health services to Albertans.
2. Encourage and support Albertans to lead healthy lives.

Health authority financial highlights

Operating results

In 2002/2003, the 17 regional health authorities, Alberta Mental Health Board and Alberta Cancer Board reported a total $72 million operating deficit, up from the $21 million deficit in the 2001/2002 fiscal year. Of the 19 health authorities, 18 reported a deficit.

Alberta Health and Wellness provided 85 per cent of total health authority revenue, the same as the previous year.

Total expense was $5.3 billion, compared to $4.9 billion in the previous year – a nine per cent increase. The majority of the increase was in salary costs.

Three of the 19 health regions had entered into contracts with surgical facilities under the *Health Care Protection Act*. Total expense under these contracts by March 31, 2003 was $9 million, compared to $8 million in 2001/2002.

Total administration costs in 2002/2003 were $198 million ($189 million in 2001/2002) or 3.7 per cent of total health authority expenditures (3.9 per cent in 2001/2002).

The audited financial statements are included in Section II of the Ministry Annual Report.

Ministry of Health and Wellness Organization

Ministry and Commission Contacts

Minister of Health and Wellness
Gary G. Mar, Q.C.
M.L.A., Calgary-Nose Creek
427-3665

Deputy Minister
Dr. Roger Palmer
422-0747

Health Facilities Review Committee
Chair - Bob Maskell
M.L.A., Edmonton-Meadowlark
427-3101

Mental Health Patient Advocate
Jay McPhail
422-1812

Alberta Alcohol and Drug Abuse Commission
Chair - LeRoy Johnson
M.L.A, Wetaskiwin-Camrose
427-2837

Alberta Health and Wellness
10025 – Jasper Avenue
Edmonton, Alberta T5J 2N3
(780) 427-7164
www.health.gov.ab.ca

Alberta
HEALTH AND WELLNESS

Alberta Ministry of Health and Wellness

Annual Report 2002/2003

SECTION I

HEALTHY

www.healthyalberta.com

Alberta
HEALTH AND WELLNESS

For further information

[illegible]

Alberta Health and Wellness
Communications
[illegible] Floor, 10025 Jasper Avenue
Edmonton, Alberta [illegible]
Phone: (780) 427-7164
Fax: (780) 427-1171
E-mail: [illegible]

[illegible]

[illegible]

Alberta Health and Wellness
Strategic and Management
[illegible] Floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3

[illegible]

Alberta Health and Wellness
Financial Planning and Reporting
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Edmonton, Alberta T5J 2N3
Phone: (780) 415-2901
Fax: (780) 427-1613

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The Alberta Public Service received the Gold Award for Innovative Management from the Institute of Public Administration of Canada (IPAC) for its Corporate Human Resource Development Strategy. This innovative approach to meeting the human resource needs of the Alberta government is a long-term commitment to learning, leadership and the promotion of the Alberta public service as an attractive employer.

For further information

For additional copies of this document or Section II, or further information about Alberta Health and Wellness, contact:

Alberta Health and Wellness
Communications
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-7164
Fax: (780) 427-1171
E-mail: ahinform@health.gov.ab.ca

You can find this document on Alberta Health and Wellness' Internet Web site - http://www.health.gov.ab.ca

For research or technical inquiries on the performance measures and statistical data in the "Results Analysis" section, contact:

Alberta Health and Wellness
Standards and Measures
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3

For research or technical inquiries on the "Financial Information" section, contact:

Alberta Health and Wellness
Financial Planning and Reporting
(for Ministry and Health Authorities' financial statements)
16th floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 415-2800
Fax: (780) 427-1643

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Government of Alberta
2001 IPAC
Gold Award
for Innovative Management

The Alberta Public Service received the Gold Award for Innovative Management from the Institute of Public Administration of Canada (IPAC) for its Corporate Human Resource Development Strategy. This innovative approach to meeting the human resource needs of the Alberta government is a long-term commitment to learning, leadership and the promotion of the Alberta public service as an attractive employer.

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Section II

Section II of this report is published under a separate cover. It provides the financial statements of the regional health authorities and provincial health boards. To obtain financial statements of individual regional health authorities and provincial health boards, please consult the contact list on page 3.

PREFACE

Public Accounts 2002/2003

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 Ministries.

The annual report of the Government of Alberta released June 24, 2003 contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Alberta Health and Wellness contains the Minister's accountability statement, the audited consolidated financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- **the financial statements of entities making up the Ministry including the provincial agencies for which the Minister is responsible, and**
- **other financial information as required by the *Financial Administration Act* and the *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent the Ministry has anything to report.**

Financial information relating to regional health authorities and provincial health boards is also included in this annual report as supplementary information. Section II of this report provides financial statements of the regional health authorities and provincial health boards, where available, which are accountable to the Minister of Health and Wellness.

CONTACT LIST

Financial Information for
Regional Health Authorities and Provincial Health Boards

For further financial information regarding the regional health authorities or provincial health boards, please contact:

New Region after March 31, 2003	Responsible For Reporting of the Following 2002/2003 Health Authorities	Contact Phone Number
Chinook	1 Chinook	(403) 382-6019
Palliser	2 Palliser	(403) 529-8058
Calgary	3 Headwaters	(403) 541-3677
	4 Calgary	(403) 541-3677
David Thompson	5 HA #5	(403) 341-8622
	6 David Thompson	(403) 341-8622
	9 Crossroads	(403) 341-8622
East Central	7 East Central	(780) 608-8820
Capital	8 Westview	(780) 407-3652
	10 Capital	(780) 407-3652
Aspen	11 Aspen	(780) 349-8705
	12 Lakeland	(780) 349-8705
	15 Keweetinok	(780) 349-8705
Peace Country	13 Mistahia	(780) 538-6138
	14 Peace	(780) 538-6138
Northern Lights	16 Northern Lights	(780) 791-6037
	17 Northwestern	(780) 791-6037
ACB	ACB	(780) 422-2233
AMHB	AMHB	(780) 412-6350

Minister's Accountability Statement

The Ministry's Annual Report for the year ended March 31, 2003, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 12, 2003 with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness
September 12, 2003

Message from the Minister

I am pleased to reflect on the past year and the significant progress we have made in building a public health care system for Albertans.

Our task has been one of continual improvement, of finding the most efficient and affordable ways to deliver essential health care services.

In 2002/2003 Health and Wellness expended $6.8 billion, an increase of $516 million, or 8.2 per cent over 2001/2002. Health authorities received additional operating funds totaling $236 million for an overall increase of 6.5 per cent.

In February 2003, federal, provincial and territorial governments met to discuss future health care priorities. Agreement was reached to take action on primary health care, home care, catastrophic drug coverage and investing in new medical equipment. Alberta will receive $248 million in the first year of a three-year commitment in the federal budget.

Quality health care

Albertans receive a high quality of care from a system that rates among the best in the country. The Canadian Institute for Health Information data show Alberta rated above the national average in several areas including per-person health spending and better survival rates for patients admitted to a hospital following a stroke or heart attack.

Alberta's Report on Comparable Health Indicators finds Albertans experience lower rates of in-hospital mortality rates for heart attacks and strokes, lower potential years of life lost for lung cancer, colorectal cancer, heart attack and stroke and lower hospital re-admission rates for heart attacks.

Albertans also report a high rate of satisfaction with the health care they receive. The 2002 Alberta Health Survey shows 86 per cent of Albertans reported the quality of care they received as excellent or good.

Finding efficiencies in delivering health care

We have taken concrete steps to find new efficiencies. The Health Resource Centre (HRC) in Calgary was approved to provide five orthopaedic procedures to Workers' Compensation Board (WCB) recipients and federal government employees such as the military and RCMP.

The transition to convert Alberta's 17 health regions to nine was completed April 1, 2003. The change to fewer, larger regions, and the transfer of mental health services to regional health authorities, responds to the recommendations of the Premier's Advisory Council on Health.

Alberta's health authorities will be more collaborative, innovative and accountable as government implements the recommendations of the Committee on Innovation and

Collaboration report. New multi-year performance agreements will be established later in 2003 that will require RHAs to improve collaboration and innovation, develop new models of care, create centres of specialization and contract with a blend of providers to offer a range of services.

Helping Albertans to be Healthy

In January 2002, the Alberta government accepted the recommendations of the Premier's Advisory Council on Health report and responded with an action plan to build a better public health system. The first priority of the action plan is to help Albertans stay healthy.

The Healthy U campaign was launched in January 2003 to encourage Albertans to lead healthy lifestyles and reduce their risk of chronic disease. The three-year health information campaign promotes the benefits of healthy eating and regular physical activity.

A large stakeholder group led by Alberta Health and Wellness developed the *Alberta Diabetes Strategy*. The 10-year strategy addresses prevention and management of diabetes in a co-ordinated and comprehensive manner. Government and non-government organizations will be taking action on diabetes prevention and management.

The Alberta Alcohol and Drug Abuse Commission (AADAC) and Alberta Health and Wellness launched a strategy to reduce the number of young people starting to use tobacco, encourage and help current tobacco users to quit, and reduce non-smokers' exposure to environmental (second-hand) tobacco smoke.

The *Prevention of Youth Tobacco Use Act* was proclaimed to make it illegal for anyone under the age of 18 to use or possess tobacco in a public place.

This year, Alberta was among the first provinces and territories to provide routine conjugate meningococcal and conjugate pneumococcal vaccinations to protect infants from serious diseases such as meningitis, serious blood infections and pneumonia. Regional health authorities administer these immunization programs at a cost of $2.33 million for conjugate meningococcal vaccine and $4.96 million for conjugate pneumococcal vaccine. Alberta Health and Wellness also provides $2.3 million in administrative support to help regional health authorities provide these vaccinations.

Successful pilot tests of electronic medication information are now being expanded to provide access for radiology and laboratory tests. By viewing complete and accurate electronic health information about their patients, health care providers will be able to make more effective decisions about the care they provide.

I am pleased with our progress on health reform and look forward to meeting tomorrow's challenges of building a better public health care system for Albertans.

Gary G. Mar

Gary G. Mar, Q.C.
Minister of Health and Wellness
M.L.A. Calgary Nose Creek

Management's Responsibility for Reporting

The Ministry of Health and Wellness includes the Department of Health and Wellness and the Alberta Alcohol and Drug Abuse Commission.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the consolidated financial statements and performance results for the Ministry rests with the Minister of Health and Wellness. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including consolidated statements and performance results. The consolidated financial statements and the performance results, of necessity, include amounts based on estimates and judgments. The consolidated financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The ministry maintains systems of financial management and internal control, which give consideration to costs, benefits, and risks designed to:

- provide reasonable assurance transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance,
- safeguard the assets and properties of the province under Ministry administration,
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Health and Wellness any information needed to fulfill their responsibilities, and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

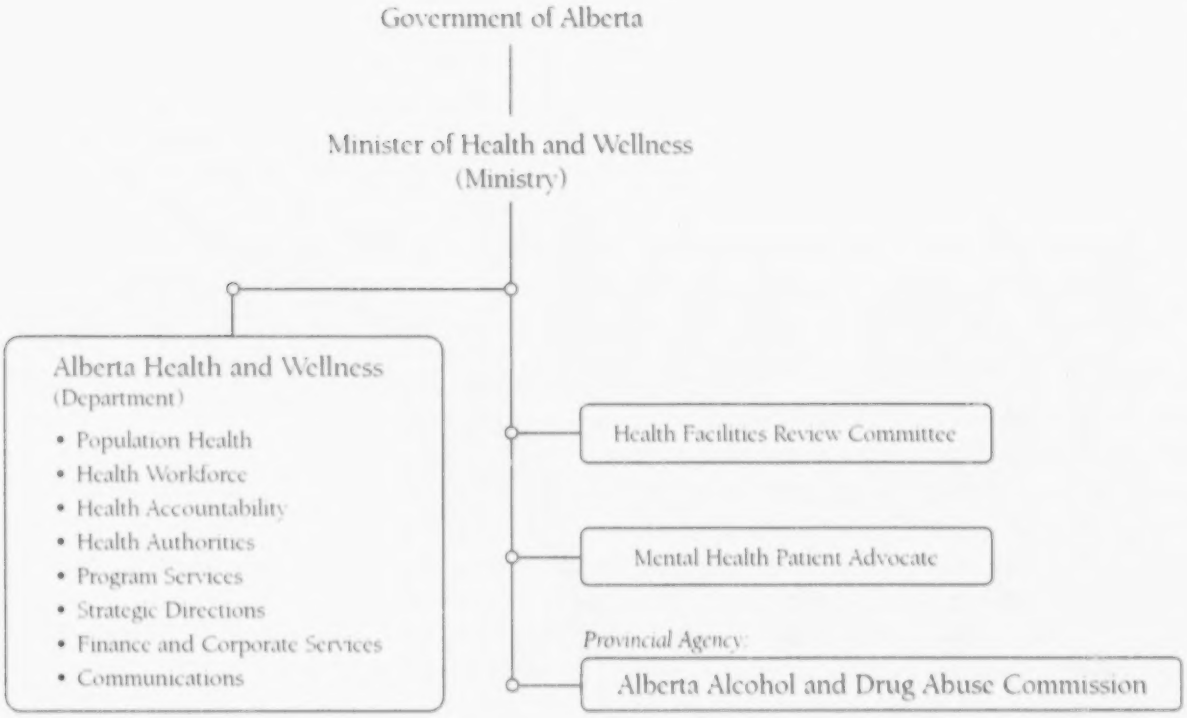
In fulfilling my responsibilities for the ministry, I have relied, as necessary, on the executive of the individual entities within the ministry.

Dr. Roger Palmer
Deputy Minister
Ministry of Health and Wellness
September 12, 2003

OVERVIEW

Ministry of Health and Wellness Organization

(April, 2002 to March, 2003)



Ministry Contacts

Minister of Health and Wellness, Gary G. Mar

Telephone: (780) 427-3665
Fax: (780) 415-0961

Responsible for ensuring health services in the province are properly conducted in the public interest. Ultimately responsible for the overall quality of health services in Alberta and for reporting to the Legislature on the health of Albertans.

Deputy Minister of Health and Wellness, Roger Palmer

Telephone: (780) 422-0747
Fax: (780) 427-1016

Assists and supports the Minister of Health and Wellness in discharging his responsibilities and duties. Responsible for administrative management of the Ministry including human resource management and Alberta Wellnet.

Population Health Assistant Deputy Minister, Art McIntyre

Telephone: (780) 427-8596
Fax: (780) 422-3671

Provides leadership in health surveillance, disease control and prevention, and population health strategy development. Facilitates coordinated approaches to improving public health and medical care through public health policy development. Develops policies and strategies for publicly funded drug programs.

Finance and Corporate Services Assistant Deputy Minister, Bruce Perry

Telephone: (780) 427-0885
Fax: (780) 422-3672

Provides leadership on internal and external funding allocations, financial accountability, and fiscal planning and governance to sustain the public health system. Conducts analytical studies and works with the Auditor General on fiscal reporting matters. Manages Alberta Health and Wellness financial resources and advises on legal and legislative issues and capital planning.

Health Workforce Assistant Deputy Minister, Richard Butler

Telephone: (780) 427-1912
Fax: (780) 415-8455

With regional health authorities, physicians, professional associations and other partners, promotes innovative approaches and strategies to achieve a balanced workforce to meet Alberta's health needs in a fiscally sustainable manner. Responsible for contracts and physician compensation, health workforce planning, health professions and the office of the provincial medical care consultant.

Strategic Directions Assistant Deputy Minister, Annette Trimbee

Telephone: (780) 427-7038
Fax: (780) 415-0570

Coordinates environmental scanning to identify, track and address strategic issues, prepares the Ministry Business Plan, develops health system policy and strategies, and works with federal/provincial/territorial health departments on current and emerging intergovernmental issues to assist in planning and policy development.

Health Accountability Assistant Deputy Minister, Todd Herron

Telephone: (780) 427-5280
Fax: (780) 422-5176

Leads and supports health system accountability and continuous improvement through developing and refining performance expectations, evaluating and reporting on performance, managing information and technology resources and promoting knowledge-based decision making. Through Alberta Wellnet, promotes the use of technology to improve quality of care, access to health services, health promotion and health system management.

Program Services Assistant Deputy Minister, Janet Skinner

Telephone: (780) 415-1599
Fax: (780) 422-3674

Provides Albertans and health care practitioners with customer registration, information and billing services and administers both the Alberta Aids to Daily Living and Emergency Health Services air and ground ambulance programs.

Health Authorities Assistant Deputy Minister, Wayne McKendrick

Telephone: 415-8913
Fax: (780) 415-0961

Facilitates effective working relationships between the Ministry and the province's health authorities, including establishing multi-year performance agreements with health authorities and maintaining liaison with the health authorities on health service and change initiatives.

Communications Director,
Carol Chawrun

Telephone: (780) 427-7164
Fax: (780) 427-1171

Provides strategic communications counsel and support to help the department, Minister and government communicate on health issues with the health system and Albertans. Initiates information programs and public education campaigns, and provides services that include media relations, correspondence support and liaising with department staff and other partners.

Alberta Alcohol and Drug Abuse Commission
Chief Executive Officer,
R.M. Finnerty

Telephone: (780) 427-2837
Fax: (780) 423-1419

Provides or funds a range of alcohol, other drug and problem gambling prevention, treatment and information services for Albertans through a network of offices and community agencies. Services include community outpatient counseling and prevention, crisis and detoxification, residential treatment and research, information and monitoring services.

Health Facilities Review Committee Chair,
Bob Maskell, MLA Edmonton-Meadowlark

Telephone: (780) 427-4924
Fax: (780) 427-0806

Monitors the quality of care, treatment and standards of accommodation provided to patients and residents in hospitals and continuing care centres.

Mental Health Patient Advocate,
Jeanette McPhail

Telephone: (780) 422-1812
Fax: (780) 422-0695

Investigates complaints about mental health patients' rights, certification concerns and care and treatment issues. The Advocate has the authority to investigate facilities that admit formal patients (those patients involuntarily detained under the *Mental Health Act*) or are required to inform patients and their families and legal guardians of their rights under the *Mental Health Act*.

Vision, Mission and Core Businesses

Vision

The Government of Alberta's vision for the province is:

A vibrant and prosperous province where Albertans enjoy a superior quality of life and are confident about the future for themselves and their children.

This broader vision is supported by the vision of Alberta Health and Wellness:

Citizens of a healthy Alberta achieve optimal health and wellness.

The slogan "Healthy Albertans in a healthy Alberta" reflects this vision.

The health and wellness of a population is determined by factors such as education, employment, income and the environment, in addition to quality health services. The Government of Alberta wants Albertans to be able and encouraged to:

- realize their full health potential in a safe environment with appropriate income, housing, nutrition and education; and
- play a valued role in family, work and their community.

Alberta Health and Wellness contributes to this effort by ensuring Albertans have equitable access to affordable, effective and appropriate health and wellness services, when they need them.

The vision also requires individuals to take responsibility for health in their communities, in collaboration with the Ministry, providers of health services, other Ministries, other levels of government and the private sector.

Mission and Core Businesses

The mission of the Ministry is:

To maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders.

Two core businesses support this mission:

1. **Lead and support a system for the delivery of quality health services.**
2. **Encourage and support healthy living.**

Highlights for 2002/2003

Leading Albertans towards better health and care.

Health care, whether it consists of surgery to replace a hip or vaccinating an infant against a childhood disease, ultimately aims to make individuals as healthy as possible. A leading health care system helps people take steps towards wellness and healthy living through appropriate prevention, protection and treatment services. Throughout 2002/2003, the Ministry of Health and Wellness focused on transforming the public health system, to promote the health of Albertans while maintaining financial sustainability. The Ministry worked on implementing the reforms recommended by the Premier's Advisory Council on Health, in consultation with regional health authorities, health care professionals and other key partners.

Accessible, quality care

In 2002/2003, the Ministry and its partners explored innovative ways to make fuller use of the skills and knowledge of health care professionals and improve access to health care.

- New alternate funding plans for academic physicians at Alberta's two medical schools were launched. The plans remunerate over 220 academic physicians for their delivery of clinical services, teaching duties, research and administrative work. The plans will help increase the quality of time these physicians spend teaching students, caring for patients or on research, and help attract and retain medical specialists. Alberta Health and Wellness provided $8.25 million, and Alberta Learning $3 million, to fund the plans for 2002/2003.
- New Health Professions Advisory Board was established to advise the Minister about the regulation of all Alberta health professions, to make better use of health professionals in the delivery of care. The Board has met on a regular basis to consider changes to entry requirements and authorization of additional restricted activities for selected health professions, as well as regulation of additional health professions.
- Pilot testing of the Alberta Waitlist Registry began. The registry will put waitlists for selected procedures on the Internet, to assist Albertans needing services make a choice on where to go to receive the services.
- Province-wide services, such as heart surgeries and kidney dialysis, received $418 million in 2002/2003. This is an increase of six per cent over the previous year, and reflects the Government of Alberta's commitment to ensuring Albertans have access to these critical health services.

Measures and results

High ratings for quality of care and patient satisfaction were maintained in 2002/2003. In spite of increased funding, access to services remains a challenge; public perceptions of ease of access did not change, and either wait lists or wait times for selected procedures continued to increase.

Protection, promotion and prevention

A key element of the health system is providing Albertans with supports to live healthy lives and avoid injury and disease. This was a critical focus of action in 2002/2003.

- A public information and education campaign, titled Healthy U, was launched early in 2003, to raise awareness about the importance of healthy eating and regular physical activity. The campaign included television and radio advertisements and a newspaper supplement, as well as a Web site with evidence-based health information. The campaign builds on the work of health, nutrition and active living organizations in the province.
- A cross-ministry committee developed ten-year objectives and targets for nine key health issues, as part of a Healthy Alberta Promotion and Prevention Policy Framework. The objectives and targets are for diabetes, obesity, physical activity, mental health, chronic heart and lung disease, tobacco use, substance abuse and accident injury. Strategies to reach the targets were identified.
- The Alberta Diabetes Strategy was developed. The strategy addresses primary prevention, financial assistance for low-income Albertans, screening for diabetes and complications for Aboriginal people living off reserve, care and management of diabetes and enhanced funding for diabetic supplies for low income Albertans.
- Two new vaccines were added to Alberta's routine immunization program. The conjugate meningococcal and conjugate pneumococcal vaccine will be given to infants, starting at age two months. The vaccines will cost $20 million annually.
- The Alberta Alcohol and Drug Abuse Commission (AADAC) launched an information campaign to reduce and prevent tobacco use in Alberta. The campaign included radio advertisements and a tobacco reduction magazine delivered to homes in eight major centres, followed by television and poster advertising about the commission's toll-free Smoker's Help Line. AADAC also launched a comprehensive program to educate children about the dangers of tobacco and prevent them from starting to smoke.

Measures and results

Self-reported health status in both the 16 to 64 and 65 and over age groups increased slightly in 2003. A substantial majority of Albertans feel they are in good to excellent health.

Health system and Ministry effectiveness

Ensuring that Albertans are well served by the health system, as individuals who use health services and as taxpayers, is important. In 2002/2003, the Ministry worked towards greater accountability, effectiveness and efficiency throughout the health system.

- Alberta's performance exceeded the Canadian average in several health areas, according to the first Alberta's Report on Comparable Health Indicators. All provinces reported on a set of comparable health indicators to give Canadians reliable information about the health of the population and performance of the health system.
- The Canadian Institute for Health Information confirmed that Albertans receive high quality care in its Health Care in Canada 2002 report. Alberta performed better than the Canadian average in several

areas, including per-person health spending, joint replacement surgery and heart attack survival rates.

- The Committee on Innovation and Collaboration released its report with 50 recommendations to improve regional health authority collaboration, innovation and accountability. The Government of Alberta accepted all recommendations except one that called for a collaboration fund; it was felt that collaboration should occur within existing budgets.
- Following the report of the Committee on Collaboration and Innovation, new boundaries to combine Alberta's 17 health regions into nine were announced. The new boundaries better reflect where patients go for health services, reduce administration and provide greater opportunities for innovation and collaboration. They are effective April 1, 2003.
- Two Pharmaceutical Information Network (PIN) pilots were successfully conducted in Westlock and Leduc. The projects demonstrated that electronic sharing of prescription information improves patient safety by providing more complete patient medication profiles and prescription information, reducing the risk of errors and improving detection of patient medication compliance. PIN is a core component of the electronic health record.

Measures and results

Public self-rated knowledge of health services improved slightly in 2003. While most staff indicated they understand their contribution to the Ministry's success, levels of understanding declined compared to last year. Staff in other ministries continued to report high levels of satisfaction with Alberta Health and Wellness' contribution to cross-government initiatives.

Financial results and funding priorities

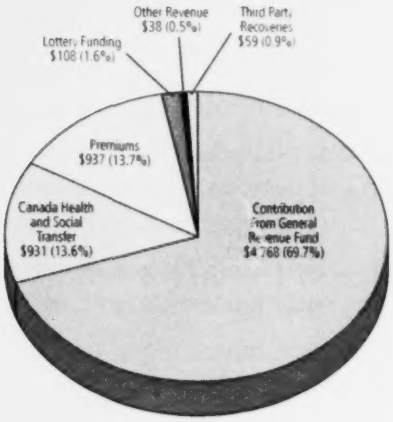
Access to a quality, publicly funded health care system continued to be a top priority for the government in 2002/2003. During this period, the Ministry spent $6.841 billion, 33.1 per cent of total government expense.

The 2002/2003 fiscal year represented the beginning of the transition to a sustainable health care system. The $6.8 billion expenditure is an increase of $515.8 million (8.2 per cent) over 2001/2002, an extra $1.4 million per day. The increased spending reflects:

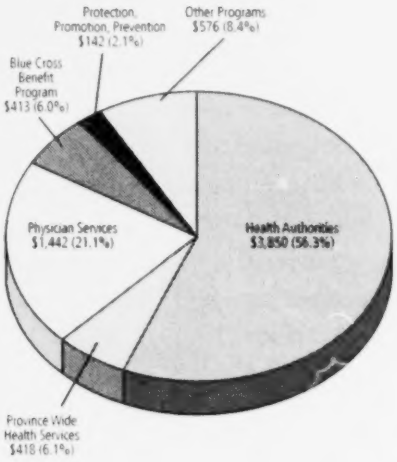
- Increased support for the delivery of acute, long term and continuing care, as well as mental health and cancer services, to Albertans — $247.2 million.
- Continued access to critical health services, such as heart surgeries and kidney dialysis — $23.6 million.
- Delivery of physician services in both community and hospital settings and the development of alternative compensation arrangements and innovative service delivery models — $214.7 million.
- Continued demand for non-group drug benefits, primarily by seniors — $49.4 million.
- The first year of a three-year commitment to develop a province-wide information and advice service (Health Link) — $10.9 million.
- The implementation of recommendations from the Premier's Advisory Council on Health, such as the Healthy U campaign and the development of alternate funding plans for academic physicians — $12.5 million.

- Continued support of activities and programs to protect and promote health and prevent disease — $19.4 million. This included a new initiative entitled the *Alberta Tobacco Reduction Strategy*.
- Increases in health care insurance premium write offs — $17.9 million.
- The termination of the Extended Health Benefits program, which provided assistance to seniors with optical and dental costs — ($23.5 million). To assist low-income seniors, increased funding was allocated to the Alberta Seniors Ministry.
- The completion of the federal government's commitment for medical/diagnostic equipment — ($48.9 million).
- Completion of an initiative that ensured consistency in the information maintained by the health authorities on health services — ($7.4 million).

Source of Funding



How Funding was Spent



Total $6,841 Million

Communication with Albertans

Alberta Health and Wellness consulted with Albertans and communicated progress on health reform and department initiatives. These activities included:

Regional health authority boundary changes

Alberta Health and Wellness supported and communicated the decision to move from 17 to nine health regions through meetings with MLAs, regional health authorities, and municipal and county officials.

Healthy U campaign

Alberta Health and Wellness developed a $1.7 million public education campaign to promote healthy choices and lifestyles which included television and radio advertising, a supporting Web site and other public communications.

Other health reform achievements

Communications support and public promotion were provided to a range of achievements including:

- expanding scopes of practice for licensed practical nurses and nurse practitioners.
- approval of Alberta's first surgical facility to offer overnight stays for uninsured procedures.
- Alberta's first report on nationally comparable health indicators.
- The launch of the Alberta Tobacco Reduction Strategy.
- *Commission on the Future of Health Care In Canada (Roy Romanow Report)*: provided analysis and Alberta Health and Wellness Minister's response within hours of the report's release.
- *Reform Highlights* — March 2003: document highlighting key health reform activities January 2002 – March 2003.

Review committees

Alberta Health and Wellness provided counsel and support to a range of health reform review teams. The department provided strategic communications counsel to the Minister in responding to the following committee reports and recommendations.

- Health Reform Implementation Team: produced two reports monitoring progress on health reform.
- Expert Advisory Panel to Review Publicly Funded Health Services; Committee on Collaboration and Innovation; M.L.A. Task Force on Health Care Funding and Revenue Generation: wrote reports and recommendations to the Minister.
- MLA Review Committee on Ambulance Services: wrote and produced a draft and final report.

Federal/Provincial/Territorial Meeting of Ministers of Health

Alberta Health and Wellness hosted this annual meeting in Banff in September 2002 and provided support to the Minister as chair of the event.

Cross-ministry initiatives

Alberta Health and Wellness collaborated with other government departments and various stakeholders in the Health Sustainability Initiative, the Aboriginal Policy Initiative, the Alberta Children and Youth Initiative and the Economic Development Initiative.

Web site

Alberta Health and Wellness launched a user-friendly department Web site. It tied for second in an annual evaluation (*Insight into Government*), up from eighth place the year before.

Public inquiries

The Customer Services and Registration Branch responded to 1,153,159 telephone calls, answered 1,136,202 written inquiries and served 126,513 walk-in clients.

The department responded to more than 4,000 e-mail inquiries and more than 7,300 Ministerial action requests.

Media relations

Alberta Health and Wellness produced 64 news releases on topics like health reform, immunization programs, public health warnings, health funding and program changes.

RESULTS ANALYSIS

Message from the Deputy Minister

Health care remains the number one priority for Albertans. Our work focuses on taking the necessary steps to create a healthier population and provide high quality services in the most effective and affordable way.

The challenge to delivering a high quality system remains constant: rising costs in serving a growing population with high expectations.

The total per capita expenditure by Alberta Health and Wellness in 2002/2003 was $2,197 — a cost that climbs each year.

According to the 2001/2002 *Alberta Health Care Insurance Plan (AHCIP) Statistical Supplement*, the average cost per patient of basic health care (physician and allied health service practitioner services) rose by nine per cent to $417.46 from $383.63.

In 2002/2003, $1.28 billion was allotted to physicians for basic health services, a 16.4 per cent increase from the previous $1.09 billion. Alberta spent more than $413 million on Alberta Blue Cross benefits, up 13.6 per cent from $364 million — with drugs accounting for 95 per cent of these expenditures.

BUILDING A BETTER SYSTEM WITH OUR PARTNERS

The Alberta health reform plan calls for building a more accountable system, focused on results. The transition plan to create nine health regions, with integrated mental health services within those regions, was a dominant focus for the department. Patients will see improved service as regions take advantage of cost efficiencies possible with a larger population base, and then use these savings to better respond to local health needs.

The Minister of Health and Wellness and I met with health authority executives and staff, and municipal and county representatives in the nine new regions in early February to discuss the transition plan. We heard concerns about the composition of the new boards, pressures in emergency departments, and the challenges regional health authorities face as they work to match resources with health care needs. We also heard consistent support for health reform and boundary changes.

A new department unit has been established to develop effective working relationships between the department and regional health authorities. This unit will establish the new multi-year performance agreements with the health authorities. It will also work closely with the health authorities in the areas of further integration of mental health services and rural health service initiatives.

Albertans should see no disruption in access to services as the nine health authorities assume responsibility for mental health programs and facilities and get down to the business of managing their expanded regions. The change to fewer, larger regions, and the transfer of mental health services, respond to the recommendations of the Premier's Advisory Council on Health.

Strategies for Better Health

Work continued on many fronts to advance the government's action plan on health in response to the recommendations of the Premier's Advisory Council on Health report.

Wellnet achieved its first success with the Pharmaceutical Information Network (PIN) pilot project. The first of its kind in Canada, PIN provides the electronic exchange of medication information — allowing for enhanced quality, efficiency, and patient safety. In addition, great strides have been made in moving forward with the Electronic Health Record Pilot Project.

The department collaborated with regional health authorities on an integrated system that will be used to post waiting times for surgeries and procedures. This will lead to an Internet wait list registry showing wait times for surgeries and diagnostic tests performed by specific surgeons and health professionals that will help Albertans plan, with their physicians, where they should go to receive these services.

Alberta Health and Wellness worked with other ministries and stakeholder groups as part of the Health Sustainability Initiative to develop the Healthy Alberta Promotion and Prevention Policy Framework. This framework sets outs a plan to improve the health and wellness of Albertans and establishes targets to reduce the rate of chronic diseases such as heart disease, cancer, chronic obstructive pulmonary disease and type 2 diabetes by 2012.

A new *Healthy Aging and Seniors Wellness Strategic Framework, 2002 – 2012* was established to improve the well being of seniors and baby boomers. This framework is a key planning tool for healthy aging in Alberta that advocates promoting health and preventing disease and injury, optimizing mental and physical function and managing chronic disease.

Making the Best Use of Health Care Professionals

The first-time Health Professions Advisory Board was appointed to provide advice to the Minister of Health and Wellness about the regulation of all Alberta health professions. Licensed practical nurses and nurse practitioners were given expanded scopes of practice under new approved regulations.

The department implemented alternate funding agreements with physicians at the University of Alberta departments of medicine and pediatrics and the University of Calgary department of pediatrics. These compensation agreements allow academic physicians more time to concentrate on teaching, conducting research and consulting with patients than the traditional fee-for-service payment arrangement.

Funding was awarded to Aboriginal students from across the province to help them pursue studies in health-related fields ranging from nursing to massage therapy, dentistry to naturopathy. The Aboriginal Health Careers Bursary program is a key component of the Alberta Aboriginal Health Strategy to improve the health status of Aboriginal communities.

I am proud of our accomplishments and look forward to working with our many partners in advancing health reform initiatives in the year ahead.

Dr. Roger Palmer
Deputy Minister
Alberta Health and Wellness

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Key Performance Measures

To the Members of the Legislative Assembly

In connection with the Ministry of Health and Wellness' key performance measures included in the *2002-2003 Annual Report of the Ministry* I have:

1. Agreed information from an external organization to reports from the organization.

2. Agreed information from reports that originated from organizations included in the consolidated financial statements of the Ministry to source reports. In addition, I tested the procedures used to compile the underlying data into the source reports.

3. Checked that the presentation of results is consistent with the stated methodology.

4. Checked that the results presented are comparable to stated targets, and information presented in prior years.

5. Checked that the key performance measures, as well as targets, agree to and include results for all of the measures presented in Budget 2002.

As a result of applying the above procedures, I found no exceptions. These procedures, however, do not constitute an audit and therefore I express no opinion on the key performance measures included in the *2002-2003 Annual Report of the Ministry of Health and Wellness*.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
August 1, 2003

Core Businesses

Alberta Health and Wellness has two core businesses:

1. LEAD AND SUPPORT A SYSTEM FOR THE DELIVERY OF QUALITY HEALTH SERVICES

A system of quality health services is in place for Albertans who are medically fragile, injured, ill or in need of diagnosis, treatment or support. While responsibility for service delivery rests with health authorities, agencies and individual health care providers, the Ministry establishes direction, policy and provincial standards. Key Ministry roles are to set priorities based on health needs, determine the financial, capital and human resources required, and measure and report on the performance of the system. For 2002/2003, the Ministry expended $6.62 billion on this core business.

2. ENCOURAGE AND SUPPORT HEALTHY LIVING

A primary focus of our health system is to support and encourage the health and wellness of Albertans. These programs promote and protect health, prevent disease and injury, provide knowledge and intervention to address health risks, and help Albertans make informed decisions about their health. Programs are provided through the Ministry, regional health authorities and provincial agencies. In addition, the Ministry contributes to cross-ministry initiatives addressing factors that influence health. For 2002/2003, $221 million was spent to support this core business.

The core businesses are directed towards four goals:

GOAL 1

To sustain and improve the delivery of accessible, effective, quality health services to Albertans who need them.

GOAL 2

To improve the health and wellness of Albertans through provincial strategies for protection, promotion and prevention.

GOAL 3

To support and promote a system for health.

GOAL 4

To optimize the effectiveness of the Ministry.

The following four sections provide information about actions, key achievements, performance indicators and results for each goal in 2002/2003.

Goal 1 To sustain and improve the delivery of accessible, effective, quality health services to Albertans who need them.

Health authorities and individual health practitioners have primary responsibility for health service delivery. The Ministry of Health and Wellness promotes continuous improvement and innovation to ensure health services address the needs of Albertans, meet high standards of quality and achieve positive health and wellness results.

The Ministry

- works closely with health authorities, agencies and other stakeholders to support optimal use of health professionals;
- works with health authorities to promote appropriate investment and management of provincial resources through review and approval of business and capital plans; and
- administers the Alberta health care insurance plan and operates the claims payment system for practitioners, Aids to Daily Living suppliers, air ambulance operators and other services.

What we did

Continued implementing the recommendations of the Premier's Advisory Council on Health.

- Formed a cross-ministry Health Sustainability Initiative Committee to coordinate implementation of the recommendations that would benefit most from cross-ministry collaboration. Ten ministries are represented.
  - Launched a comprehensive three-year campaign, Healthy U, to provide Albertans with current, evidence-based information about healthy choices and factors that influence health.
  - Developed a health promotion framework to focus resources on key targets for improved healthy behaviours and reduced injury and chronic disease.
  - Developed the Healthy Aging and Seniors Wellness Framework to enhance the well being of seniors and baby boomers.
  - Developed a forecasting model to help determine future demand for long-term care, supportive living and home care, and developed strategies to expand supportive living options.
  - Under the *Alberta Tobacco Reduction Strategy*, funded community tobacco reduction projects, initiated a Smoker's Help line and launched a large-scale social marketing campaign.
  - Increased the focus on determinants of health under the Early Childhood Development Initiative. Implemented related indicators in October 2002, and integrated early childhood development strategies into 2003 – 2006 business plans of ministries and authorities.
- Developed and began pilot testing an Alberta Waitlist Registry to put waitlists for selected procedures on the Internet.
- Began work on a central booking system to improve access to selected services, including surgeries, through a co-ordinated, Alberta-wide scheduling system. Initial implementation in summer 2003 will focus on orthopedic surgery.
- Established an 11-member panel to review all categories of services currently funded by the public health system; made recommendations to the Minister about

which treatments and procedures should continue to be funded and provided advice on a process for review of new health services for public funding.

- Increased health care premium rates and changed premium assistance programs. Currently, 302,968 accounts are subsidized.

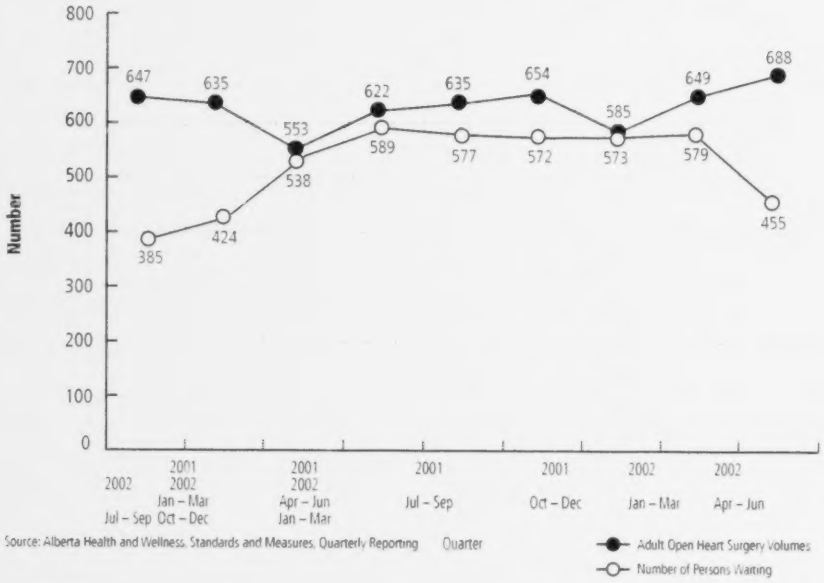
Promoted new models of health service delivery.

- Allocated $54.7 million over three years from the Health Canada Primary Health Care Transition Fund to develop a province-wide health information and advice service (Health Link) and to fund regional primary health care projects. Held stakeholder consultations on primary health care reform, which led to a draft strategy.
- Continued to provide support and direct the evaluation of projects selected for funding under the Health Innovation Fund.
- Approved overnight stays at the Health Resource Centre in Calgary for five orthopedic procedures to patients uninsured under the *Canada Health Act*. The Government of Alberta does not fund the centre or the procedures.
- Established an MLA Committee on rural health care to make recommendations on a provincial strategy to meet the unique health service needs of rural Albertans.
- Supported completion of the MLA Review of ground ambulance service delivery in partnership with the Ministries of Human Resources and Employment and Municipal Affairs.

Maintained access to certain province-wide or essential services and actively monitored waiting lists.

- Provided $418 million for province-wide services — key specialized services such as dialysis and heart surgeries. This was an increase of six per cent from the previous year, ensuring these life-saving medical procedures would be there for Albertans.
- Targets for access to six health services (children's mental health, MRI/CT, major joint replacement, cardiac services, and breast and prostate cancer) are being developed by the newly established Access Standards Working Group and five sub-committees.
- Experienced little change in the number of persons waiting for heart surgery, or the number of surgeries performed, compared to 2001/2002. According to *Alberta's Report of Comparable Health Indicators*, Alberta has the lowest hospital mortality following heart attacks among provinces and also has the lowest one-year mortality following heart attacks, indicating Albertans with heart disease receive high quality care.

Alberta — Adult Open Heart Surgery Volumes and Number of Persons Waiting January – March 2001 to January – March 2003



Source: Alberta Health and Wellness, Standards and Measures, Quarterly Reporting

Developed a strategy for organ and tissue donation and transplantation in Alberta.

Developed an implementation plan and drafted policies, standards and guidelines to create an integrated and coordinated system. The policies will be used to develop new legislation and a new organ and tissue donation system following consultation with stakeholders.

Implemented key policy directions resulting from the recommendations of the Long Term Care Review.

- Released the *Healthy Aging and Seniors Wellness Strategic Framework, 2002 – 2012*, which identifies provincial priorities and provides a planning tool for regional health authorities and community organizations.
- Released the *Alzheimer Disease and Other Dementias Initiative* report, which contains themes and priorities for care to help regional health authorities plan service delivery.
- Released *Tracking Progress: A Progress Report on Continuing Care Reform in Alberta* in September 2002.
- Supported effective workforce development and deployment in long term care:
  - Defined core competencies, needs assessment and learning objectives for 11 health disciplines in the proposed Geriatric In-Service Mentoring Program.
  - Developed a *Health Care Aide Awareness and Promotion* strategy to support efforts to recruit health care aides.
  - Identified potential roles for nurse practitioners and clinical nurse specialists.

HEALTHY AGING POLICIES FOCUS ON HELPING PEOPLE BE AS HEALTHY AS POSSIBLE, AND REMAIN IN THEIR HOMES AND COMMUNITIES AS LONG AS POSSIBLE.

- Reviewed continuing care service plans and provided feedback to regional health authorities on capital components.
- Reviewed regional health authority 10-year plans for long-term care, developed to provide longer-range planning of service delivery.

Worked with the Alberta Medical Association and health authorities to better align physician services with regional health service delivery processes and implement alternate payment plans.

- Managed successfully the $1.33 billion Medical Services Budget and maintained the hard cap.
- Implemented changes to the *Schedule of Medical Benefits* to better align physician compensation with current clinical practices.
- Implemented Alberta's first four alternate funding plans for academic physicians and a new primary health care alternate payment plan. The plans involve 250 physicians.
- Provided $12.1 million from the Medical Services Delivery Innovation Fund to 56 physician groups to develop alternative compensation arrangements and innovative service delivery models.
- Facilitated closer physician/regional health authority relations by involving regional health authorities in negotiations for a new master agreement with the Alberta Medical Association.
- Distributed specialist on-call funding to regional health authorities for distribution to physicians, further connecting physician services and regional health delivery processes.

Number of Physicians in Alberta

The number of physicians participating in the Alberta Health Care Insurance Plan has increased steadily since 1998.

	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003
Physicians per 1,000 Albertans	1.54	1.58	1.63	1.67	1.68
Number of Physicians	4,442	4,641	4,856	5,079	5,203

Source: Alberta Health Care Insurance Plan (AHCIP).
Mid-year population for 1998/1999 to 2002/2003 taken from Population Registry as of September 30 of each fiscal year. Number of physicians is taken from the number compensated through the AHCIP. There are additional physicians practising in Alberta who are not compensated through AHCIP.

ALTERNATE FUNDING PLANS PROVIDE COMPENSATION TO ACADEMIC PHYSICIANS FOR DELIVERY OF CLINICAL SERVICES, INSTRUCTION, RESEARCH AND ADMINISTRATIVE WORK — THEIR DUTIES IN A TEACHING ENVIRONMENT.

Improved funding frameworks.

- Reallocated funding from targeted items to general regional health authority budgets, giving the authorities more discretion on the use of these funds to meet regional population health care needs.
- Refined the regional health authority funding formula, leading to a more accurate measurement of population health needs and a more equitable funding allocation.

Ensured reasonable access and appropriate use of prescription drugs.

- Added 177 new drug products to the Alberta Health and Wellness Drug Benefit List, following review by the Expert Committee on Drug Evaluation and Therapeutics. Currently, over 3,600 drugs are on the list.
- Continued development of a major project in partnership with the pharmaceutical industry and other key stakeholders to ensure the appropriate use of drugs for patients with arthritis.
- Participated in the completion of common drug reviews for 21 new drugs under the inter-provincial common review process. The process allows provinces to share results of drug reviews, to reduce duplication and improve the consistency of reviews.

Expanded Telehealth in collaboration with health authorities and health providers.

- The Regional Health Authorities have made significant investments from their own budgets over and above the funds received from an anonymous donor and Alberta Health and Wellness. By the end of 2002/2003, all Regional Health Authorities and the two provincial boards were participating in Telehealth, most having systems installed throughout their regions.
- Increased use of Telehealth for an expanded range of clinical, administrative and educational services. Projects include:
  - In Grande Prairie and surrounding communities, patients with suspected lung cancer use Telehealth for simultaneous assesment by their local physician and cancer surgeons, and specialists at the University of Alberta Hospital and the Cross Cancer Institute.
  - In Red Deer, Telehealth is used to provide follow-up visits for patients who require access to geriatric specialists located in Calgary.
  - The number of transactions for clinical consultations, administrative purposes and learning sessions has doubled from 2002 to 2003.

Donor and Provincially Funded Telehealth Installations

	March 2001	March 2002	March 2003*
Videoconference Sites	70	146	164
Teleradiology Sites	19	21	25

*Including partner sites and additional planned systems, total network size by fall 2003 is expected to exceed 235 sites.

TELEHEALTH USES INFORMATION TECHNOLOGY TO CONNECT PATIENTS AND HEALTH SERVICE PROVIDERS IN RURAL AND REMOTE COMMUNITIES WITH SPECIALISTS IN URBAN CENTRES—SAVING TIME AND TRAVEL FOR PATIENTS.

Continued implementation of the *Health Professions Act*.

- Amended the *Public Health Act* and enacted the new Nurse Practitioner Regulation to remove legislative barriers to full utilization of nurse practitioners in the health system.
- Completed seven competency profiles, bringing the total to 17 for nine health professions. Continued competence programs are a requirement of the *Health Professions Act*.
- Proclaimed the *Health Professions Act* for five health professions. Undertook policy development, in consultation with stakeholders, for an additional 11 professions.
- Established the Health Professions Advisory Board in May 2002 to advise the Minister on the regulation of all Alberta health professions.

Enhanced quality assurance at provincial public health laboratory services.

- Reviewed more than 1,700 laboratory procedures used by the Provincial Laboratory for Public Health — Microbiology to achieve greater efficiency. Standardized the testing methods used at both the Edmonton and Calgary sites and implemented a new information system to create an integrated database for laboratory test results.

Worked with health authorities on regional amalgamations and enhanced inter-regional collaboration.

- Developed a transition plan for reducing the number of regional health authorities from 17 to nine, effective April 1, 2003. Regional boundaries were redefined based on input from health authorities and patient utilization patterns. Mental health services were moved to health regions.

Key Performance Measures and Results

MEASURE 1.A

Wait lists and/or wait times for MRI, joint replacement, heart surgery, cancer therapy, and long-term care

a) Hip or knee replacement average wait times. Target (2002) = 4 months average

b) Heart surgery/angioplasty average wait times. Target (2002) = 1 to 6 weeks, depending on urgency

c) Cancer radiation therapy average wait times. Target (2002) = 4 weeks

d) MRI wait list. Target (2002) = decreased wait list

e) Long-term care facility admission wait list. Target (2003) = decreased wait list

RATIONALE

Waiting for health services is one measure of whether the health system is providing reasonable access to needed health services. Very urgent need receives immediate response, while less urgent cases are placed on waiting lists according to the level of need. In recent years, Alberta Health and Wellness has developed a process for quarterly reporting of the number of persons waiting and/or the length of time spent waiting for these specified services.

Results

a) Hip and knee replacement surgery	2001/2002 Q1	Q2	Q3	Q4	2002/2003 Q1	Q2	Q3	Q4	Target 2002
Total number waiting at quarter's end	2,428	2,624	2,754	2,710	2,583	2,753	3,032	2,810	
Average wait time in months	4.3	4.9	4.6	5.1*	4.8	5.2	5.1	4.9	**4 months**

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system. Q=quarter
***Note:** Data for the 4th Quarter of 2001/2002 (revised) and for 2002/2003 include all reporting health regions (reporting in 2001/2002 did not include Chinook Health Region).

Discussion

The number of persons waiting for hip or knee replacement surgery has increased slowly during this two-year period, while the average waiting time estimate has remained fairly steady at about five months, one month above the 2002 target.

b) Adult open heart surgery		2001/2002 Q1	Q2	Q3	Q4	2002/2003 Q1	Q2	Q3	Q4	Target 2002
Total number waiting at quarter's end		424	538	589	577	572	573	579	455	
Median wait times in weeks										
Urgent inpatient	Calgary	1.0	1.1	1.0	1.0	1.1	1.0	1.0	0.9	**1 week**
	Capital	1.4	1.9	1.4	1.7	1.7	1.4	1.9	1.4	
Urgent outpatient	Calgary	13.3	16.4	16.9	17.4	17.3	17.9	18.6	17.9	**2 weeks**
	Capital	14.1	16.4	15.9	21.9	21.0	23.1	23.0	21.0	
Planned outpatient	Calgary	12.0	15.3	12.9	14.9	19.9	18.3	17.0	18.0	**6 weeks**
	Capital	15.6	16.7	21.4	20.4	26.9	22.7	23.1	22.1	

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.
Note: Angioplasty waiting time results are not reported, since they are only available from Capital Health Authority.

Discussion

The number of persons waiting for heart surgery has not changed significantly over the past year. Average waiting times for heart surgery have been at, or close to, targets for urgent inpatients, but above targets for the two outpatient groups.

c) Cancer radiation therapy: Average wait time in weeks		2001/2002 Q1	Q2	Q3	Q4	2002/2003 Q1	Q2	Q3	Q4	Target 2002
Breast cancer	Cross	6.5	7.0	8.5	9.5	10.5	10.5	10.0	11.5	**4 weeks**
	Tom Baker	2.0	6.0	5.0	6.0	12.5	9.0	7.0	8.0	
Prostate cancer	Cross	9.5	15.0	16.0	11.5	14.0	17.0	12.0	6.5	**4 weeks**
	Tom Baker	7.0	11.0	6.0	5.0	8.0	5.5	6.0	7.5	

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system. Data are provided by the Alberta Cancer Board.

Discussion

Over the past two years, average waiting times for radiation therapy for breast or prostate cancer have remained above the four week target time.

d) MRI diagnostic tests: Number of persons waiting and scans performed	2001/2002 Q1	Q2	Q3	Q4	2002/2003 Q1	Q2	Q3	Q4	Target 2002
MRI waiting list	8,432	8,539	8,577	8,993	12,104	13,422	15,718	16,149	**Decreasing**
MRI scans performed	15,437	15,582*	18,892	20,233	19,867	19,002	19,937	20,095	

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.
* Revised.

Discussion

The number of persons waiting for a Magnetic Resonance Imaging (MRI) scan has increased during 2002/2003, while the volume of MRIs performed in Alberta has remained constant.

e) Long-term care facility admission: Number of Persons Waiting	2001/2002 Q1	Q2	Q3	Q4	2002/2003 Q1	Q2	Q3	Q4	Target 2003
In acute care hospital	406	465	394	351	436	435	387	340	**Decreasing**
Urgent in community	439	434	417	378*	454	440	488	457	**Decreasing**

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.
*Revised.

Discussion

The number of persons waiting for long-term care placements was generally similar to levels reported for 2001/2002. While results do vary from one quarter to the next, a strong decreasing trend is not yet evident.

The Ministry continues to monitor progress and publish regular reports on these wait lists (reports can be found on the Alberta Health and Wellness Web site: www.health.gov.ab.ca).

Several new developments are underway which will have an impact on information about waiting for health services. In response to recommendations from the Premier's Advisory Council on Health (January 2002), new information systems are being developed to support detailed Web site reporting of waiting lists and waiting times, and to support the proposed access standards for selected procedures.

Source: Alberta Health and Wellness: Regional Health Authorities Quarterly Reporting system.

MEASURE 1.B

Ratings of ease of access to health services

The percentage of Albertans who report access to health services is "easy" or "very easy."

Target (2004) = 80 per cent

RATIONALE

Access to publicly funded health services is a fundamental principle for the health care system. Health services are made available to all Albertans through the public health system, and the Ministry's goal is to achieve reasonable access for all.

RESULTS

	1999	2000	2001	2002	2003	Target 2004
Ease of access to health services (percentage responding easy or very easy)	73	64	64	62	62	**80**
*Ease of access to physician services (percentage responding easy or very easy)	—	—	86	84	86	**85**
*Ease of access to hospital services (percentage responding easy or very easy)	—	—	71	73	72	**75**

Source: Alberta Health Survey, 1999 – 2003.

* **Note:** Measures of ease of access to physician services and ease of access to hospitals are new key measures in the 2003 – 2006 Ministry business plan.

DISCUSSION

Ratings of ease of access to health services remain below target levels. When asked what makes access difficult, most people mention long waits for appointments with physicians. Even though the availability of physicians per population has been increasing over the past several years (from 1.54 in 1998/1999 to about 1.68 in 2002/2003), this increase has not yet had the expected impact on ratings of access.

Related questions in the Alberta health survey yield more specific results. When asked about specific services, Albertans report easy or very easy access to physicians (86 per cent), and services in hospitals (72 per cent). These results are near or at the Ministry targets, and may be a more accurate reflection of Albertans experiences with access to these health services.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 74 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20. Adult Albertans are asked: "How easy or difficult is it for you to get the health care services you need when you need them? Would you say it is: very easy, easy, a bit difficult, or very difficult?" The measure is the percentage of people who respond "easy" or "very easy." Similar questions and response scales are used to obtain ratings of access to physician and hospital services.

Measure 1.C

Ratings of quality of service received: (a) overall, and (b) in hospital

The percentage of people who reported the overall quality of care they received was "excellent" or "good."

Target (2003) = 90 per cent

The percentage of people who reported the quality of care they received in hospital was "excellent" or "good."

Target (2003) = 85 per cent

Rationale

Our goal is to ensure provision of high quality health services. These key measures reflect the views of Albertans about the quality of services they received, based on their experiences with the health system.

Results

	1999	2000	2001	2002	2003	Target 2003
Quality of Care Personally Received (percentage responding good or excellent)	78	86	86	86	85	**90**
Quality of Care Received in Hospital (percentage responding good or excellent)	74	83	80	81	83	**85**

Source: Alberta Health Survey: 1999 – 2003.

Discussion

Albertans continue to receive high quality health services; results for 2003 are not significantly different from those reported since 2000. Many of the Ministry's actions and achievements directly affect the quality and effectiveness of health services. Funding ensures appropriate levels of health professionals, staff, equipment, medications and supplies. Through legislation such as the *Health Professions Act* and the *Hospitals Act*, we ensure health professionals are highly skilled and professional in their interactions with patients and health facilities are managed appropriately.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 74 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20. For "quality of care received in hospital" (approximate sample = 1,200) the results are accurate within three per cent 19 times out of 20.

Adult Albertans who report they have obtained health services during the past 12 months (approximate sample of 3,000 each year) are asked: "Overall, how would you rate the quality of care you personally have received in the past 12 months? Would you say it was: excellent, good, fair or poor?" The measure is the percentage of people responding "excellent" or "good."

Respondents who report having received health services at a hospital within the past 12 months are asked: "How would you rate the quality of care you most recently received at the hospital? Would you say it was: excellent, good, fair or poor?" The measure is the percentage of people responding "excellent" or "good."

MEASURE 1.D

Patient satisfaction with the way service was provided

The percentage of persons who received a health service and who are satisfied with the way the service was provided. (Percentage responding "somewhat satisfied" or "very satisfied").

Target (2003) = 90 per cent

RATIONALE

It is important to Albertans that health services are provided in a way that respects the dignity of each person. For example, it is important health providers are friendly, are good listeners, answer questions, and perform their duties in an efficient and professional manner.

RESULTS

Measure	2001	2002	2003	Target 2003
Percentage satisfied with the way services were provided (percentage responding "very" or "somewhat" satisfied)	88	86	87	**90**

Source: Alberta Health Survey, 2001 – 2003.

DISCUSSION

Generally, Albertans are very satisfied with the way health services are provided. Satisfied patients most often mentioned "efficient and timely service." Only about eight per cent were dissatisfied: these patients most often mentioned their reasons for dissatisfaction as "the provider did a poor job" or reported the service was "rushed."

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 74 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent, 19 times out of 20.

Adult Albertans who report they have obtained health services during the past 12 months (approximate sample of 3,000 each year) are asked: "How satisfied were you with the way the service was provided to you? Were you: very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, or very dissatisfied?" The measure is the per cent responding "very satisfied" or "somewhat satisfied."

Goal 2 To improve the health and wellness of Albertans through provincial strategies for protection, promotion and prevention.

Individual health and wellness is determined by a number of factors, including genetic endowment, early childhood development, education, environment, employment status and personal decisions about lifestyle behaviours. Promotion, protection and prevention services support Albertans in their pursuit of health. Access to accurate and timely information helps them make wise choices to prevent disease or injury and safeguard their own health, wellness and quality of life.

What we did

Established 10-year objectives and targets for key health issues in Alberta.

- Developed a Healthy Alberta Promotion and Prevention Policy Framework through a cross-ministry committee under the Health Sustainability Initiative. The framework provides objectives for nine key health issues, targets for 2012 and strategies to reach the targets. The cross-ministry committee also completed a report on non-financial incentives, which will be used to support implementation of the framework. Both documents will be used to support collaboration on health promotion and disease prevention.

Provided information about key health issues and their determinants, and the health status of Albertans.

- Launched the Healthy U campaign, a three-year health education and information campaign. The first phase included television and radio ads, a newspaper supplement, a health information Web site and a survey to help direct activities for the second year. The campaign incorporates information on non-financial incentives to promote healthy living.
- Collaborated with partners in health promotion and disease and injury prevention initiatives.
  - Supported and participated in the Alberta Healthy Living Network, which provides leadership on chronic disease prevention and health promotion.
  - Through the Alberta Heart Health Project, worked with regional health authorities to help them address physical inactivity, improve prevention of chronic disease and expand knowledge of the population health approach.

WWW.HEALTHYALBERTA.COM

Implemented, monitored and supported provincial population-based screening programs.

- Started development of an information system, the Cervical Cancer Screening Application, that supports access to information to operate the screening program. The system will also be used for breast cancer screening and other population-based screening programs.
- Reviewed the co-ordination and operation of the newborn metabolic screening program with regional health authorities, to improve program delivery.

Conducted population and laboratory-based surveillance to strategically address issues such as chronic and communicable disease management.

- Introduced an enhanced prenatal screening program for HIV, hepatitis B, rubella, varicella and syphilis. Developed guidelines for follow-up care to enhance prevention and treatment for mothers and help prevent transmission of disease to infants. Transferred screening for these infections to the Provincial Laboratory for Public Health.

Communicable Disease	1996	1997	1998	1999	2000	2001	2002**
AIDS*	2.8	1.9	0.8	1.4	1.6	1.1	0.9
E.coli 0157	5.8	6.8	9.0	6.6	10.9	9.5	8.5
Gonorrhea	17.2	14.6	18.5	18.3	19.8	27.0	31.8
Invasive meningococcal	0.2	0.1	0.2	0.1	2.6	2.0	0.8
Measles	0.3	8.8	0.04	0.6	4.1	0.2	0.1
Pertussis	41.2	27.6	26.3	28.2	15.6	11.0	9.7
Tuberculosis	5.1	5.9	5.5	5.1	4.5	3.9	4.1

Source: Alberta Health and Wellness; Notifiable Diseases, HIV / AIDS and TB databases. Rates (per 100,000) are based on mid-year population from the Alberta Health Registry files.
*AIDS rates are based on year of report. All other counts are for calendar year of occurrence.
**Preliminary data.

Addressed potential public health threats.

- Proactively prepared a draft Alberta Pandemic Influenza Contingency Plan. This plan is a framework for responding to outbreaks of communicable diseases, such as severe acute respiratory syndrome (SARS), and will be updated as additional information becomes available.
- Developed a technical reference manual for private, public and communal drinking water systems in Alberta that are outside the regulatory approval of Alberta Environment. The manual includes an emergency response protocol in the event of a failed or compromised drinking water supply.
- Organized an education conference for public health staff on outbreak investigation and reporting of suspected or confirmed food and waterborne enteric disease, in response to an enteric outbreak in 2002. Timeliness of reporting and the rigor of investigations have improved.
- Completed or initiated reviews of Environmental Impact Assessments on 19 energy projects in Alberta, with Alberta Environment and Alberta Justice.
- Developed and distributed a response plan for West Nile Virus, through committees involving Alberta Agriculture, Food and Rural Development, Alberta Sustainable Resources and Alberta Environment.

- Developed and distributed response guidelines for outbreaks of infectious or communicable diseases, outlining the responsibilities of the Ministry, regional health authorities, First Nations and Inuit Health, and the Provincial Laboratory for Public Health.
- Issued reports on the Swan Hills Waste Treatment Centre, exposure to hydrogen sulphide and Grande Prairie air quality.

Implemented a long-range immunization plan in the context of a national strategy.

- Introduced two new vaccines — conjugate meningococcal and conjugate pneumococcal vaccine — to Alberta's Routine Childhood Immunization Program.
- Supported development of a national immunization registry by electronic data collection. Five health regions are submitting immunization data electronically and three are going through the certification process.

ALBERTA'S IMMUNIZATION PROGRAMS PROTECT CHILDREN AND ADULTS AGAINST 13 COMMUNICABLE DISEASES. IMMUNIZATION IS AVAILABLE AT PUBLIC HEALTH OFFICES THROUGHOUT THE PROVINCE.

Collaborated with partners on injury and suicide prevention initiatives.

- Through the Alberta Centre for Injury Control and Research, developed an *Injury Control Strategy*, setting key targets for provincial priorities.
- Supported suicide prevention projects through the Community Injury Control Fund.
- Funded the Alberta Occupant Restraint Program. The program surveyed seat belt wear rates in rural Alberta, which increased to 76.4 per cent in 2002 from 69 per cent in 1999.

Developed a diabetes prevention strategy.

- Working with stakeholders, developed a provincial strategy that addresses prevention, care and management of diabetes. Components of the strategy are enhanced funding of diabetic supplies for low income Albertans, prevention and education programs, and screening of Aboriginal Albertans for diabetes and its complications.

Developed an Alberta plan for emergency preparedness and response to chemical, biological, radiological and nuclear threats, in conjunction with federal/provincial/territorial partners.

- Developed a suspicious package protocol and procedures for the storage and release of antibiotics purchased and stockpiled by Health Canada. Reviewed the *Security Management Statutes Amendment Act*, and contributed to the national smallpox contingency plan.
- Identified critical components to operate the health system in an emergency, in collaboration with regional health authorities.
- Co-chaired the Federal/Provincial/Territorial Special Task Force on Emergency Preparedness and Response that developed a plan for strengthening capabilities to prepare for and respond to health issues arising from chemical, biological, radiological and nuclear threats.

Key Performance Measures and Results

Measure 2.A

Self-reported health status

Percentage of Albertans ages 18 – 64 who report their health is excellent, very good or good.

Target (2003) = 90 per cent

Percentage of Albertans ages 65+ who report their health is excellent, very good, or good.

Target (2003) = 80 per cent

Rationale

Self-reported health status is a good indicator of the health and well being of Albertans, and is accepted nationally and internationally as a means of reporting on population health. How people rate their own health is affected by a variety of factors, including chronic disease, disability, temporary illness and mental health.

Results

	1999	2000	2001	2002	2003	Target 2003
Age 18 – 64 (percentage reporting excellent, very good, or good health)	90	90	89	88	90	**90**
Age 65+ (percentage reporting excellent, very good, or good health)	78	79	72	78	80	**80**

Source: Alberta Health Survey, 1999- 2003.

Discussion

Self-reported health status was slightly higher for both age groups in 2003, compared to the previous year, and is at the targeted levels for 2003. The self-reported health status of Albertans has been at or near the target values for most of the last five years.

Note: This measure for the 18 – 64 age group has changed. In the past, the measure was reported as the percentage reporting "excellent" or "very good" health. The measure was changed in the 2002/2003 Ministry business plan to include the percentage responding "good" to maintain consistency in reporting between the two age groups.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 74 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.

Adult Albertans are asked: "In general, compared with other people your age, would you say your health is: excellent, very good, good, fair, or poor." Sample size for the 18 – 64 age group is about 3,450, and estimates for this sample are accurate within about two per cent 19 times out of 20. Sample size for the age 65+ group is about 550, and these estimates are accurate within about four per cent 19 times out of 20.

MEASURE 2.B

Mortality rates for injury and suicide

Age standardized mortality rates for death due to injury and suicide.

Targets (2002) = 45 (injury); 13 (suicide)

RATIONALE

Injury, including suicide, is a major cause of death in Alberta. Our injury and suicide mortality rates are among the highest in Canada.

RESULTS

Mortality Rates: Injury and Suicide per 100,000 Population		1997	1998	1999	2000	2001	Target 2002
Injury and suicide	Males	70	75	67	67	70	
	Females	31	29	29	30	30	
	All Albertans	50	52	48	48	50	**45**
Suicide	Males	22	23	24	20	24	
	Females	7	6	6	7	7	
	All Albertans	14	14	15	14	16	**13**

Source: Alberta Health and Wellness; calculated from Vital Statistics (April 2003) and the Alberta Health Registration File (mid-year population estimates). Mortality rates are standardized to the 1996 Canada population.

DISCUSSION

Injury mortality rates in 2001 were very similar to rates reported for the past several years, and have not changed overall since 1997.

Source: The measure is derived from information on causes of death from Alberta Vital Statistics, and population information from the Alberta Health and Wellness Registration File. The rates do not include Albertans who died in other provinces. Rates are age standardized to the 1996 Canadian Census population.

Measure 2.C

Breast cancer-screening rates

The percentage of women ages 50-69 years who receive mammography screening every two years. Target (2003) = 75 per cent

Rationale

Appropriate screening can have a significant impact on early detection and prevention of death due to breast cancer.

Results

Reported Use of Medical Screening Tests for Breast Cancer	1994/ 1995	1996/ 1997	1998/ 1999	2000/ 2001	Target 2003
Mammography, last 2 years (percentage of women age 50 – 69)	71	64	69	71	**75**

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (2000/2001)
Note: Screening results are based on self-report.

Discussion

Breast cancer screening rates have not changed significantly during the past several years, and remain below the 75 per cent target. Recent improvements in programs to deliver services to rural and remote parts of Alberta, and improvements in data systems are expected to improve these results by 2002/2003.

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999) and the Canadian Community Health Survey (CCHS) (2000/2001); Statistics Canada. The NPHS, conducted every two years by Statistics Canada. Approximately 1,200 Albertans are interviewed, either by telephone or in person. The measure is the per cent of women aged 50-69 years who report having a mammogram for breast cancer screening in the past two years. Estimates for this measure are based on a smaller sub-sample of the NPHS, and may be accurate within eight per cent 19 times out of 20. The CCHS includes a much larger sample of Albertans (14,000), and the estimate for this measure from the CCHS is accurate to within four per cent 19 times out of 20.
[**Note:** The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution.]

Measure 2.D

Childhood immunization rates

The percentage of two-year-old children who have received the recommended immunizations.

Target (2002) = 98 per cent (diphtheria, pertussis, tetanus, haemophilus influenza b, polio)

Target (2002) = 98 per cent (measles, mumps, rubella)

Rationale

Immunization contributes to the health of our children since immunization against childhood diseases has a significant impact on their incidence. A high rate of immunization for a population can help ensure the incidence of a disease remains low and outbreaks are controlled.

Results

Percentage immunized at age 2	1997	1998	1999	2000	2001	Target 2002
Diphtheria, tetanus, pertussis, polio, Hib (4 doses)	80	77	79	79	78	**98**
Measles, mumps, rubella (1 dose)	90	86	89	90	87	**98**

Source: Alberta Health and Wellness

Discussion

Immunization coverage rates for Alberta remain steady, but below target. Additional efforts are required in remote areas of the province, and with specific groups of residents, to ensure children receive appropriate immunization for adequate health protection.

Source: The measure is the number of children aged two years who have received the required immunization, divided by the total population two years of age. Population at age two is estimated from Alberta Health and Wellness mid-year registration files. Database on reported immunizations is compiled from data provided by Health Canada, which has responsibility for Aboriginal children on reserves, and by regional health authorities. A few cases have not been reported, however this does not significantly affect these results.

MEASURE 2.E

Non-smoking rate

The percentage of Albertans age 12 and older who do not smoke. Target (2002) = 75 per cent

RATIONALE

The use of tobacco is considered one of the leading preventable causes of illness and premature deaths due to cardiovascular and respiratory diseases.

RESULTS

Non-Smoking rate	1994/ 1995	1996/ 1997	1998/ 1999	2000/ 2001	Target 2002
Percentage aged 12 and older, who do not smoke	72	72	72	72	**75**

Source: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (2001).

DISCUSSION

The per cent of Albertans who smoke has not changed in the past six years. A comprehensive tobacco reduction strategy has been developed. Strategies to discourage smoking, such as a substantial increase in tobacco taxes, are also expected to have an impact, especially in younger age groups. The number of cigarettes sold legally in Alberta in the year ending March 31, 2003 dropped by 24.4 per cent.

Source: Statistics Canada: National Population Health Survey (NPHS) (1994/1995, 1996/1997, 1998/1999); Canadian Community Health Survey (CCHS) 2000/2001. Approximately 1,200 Albertans are interviewed for the NPHS, either by telephone or in person. Results for the NPHS sample are accurate within three per cent 19 times out of 20. The CCHS includes a much larger sample of Albertans (14,000), and the estimate for this measure from the CCHS is accurate to within one per cent 19 times out of 20. [The NPHS is a longitudinal survey, interviewing the same persons every two years; trends should be interpreted with caution.]

Goal 3 To support and promote a system for health.

Numerous stakeholders are involved in organizing and delivering health services to Albertans. Coordinating their efforts is a continuous challenge. Effective communication, accountability and information systems are essential, as is leadership in addressing system-wide challenges such as sustainability of the public health system and confidentiality of Albertan's health information.

What we did

Improved accountability for service provision, governance and management.

- Ensured health authority proposals for capital investment were linked to approved health authority business plan strategies, service plans and financial plans.
- Supported Alberta Infrastructure in the development and implementation of a revised accountability framework for capital projects.
- Initiated a review of designated nursing homes to ensure all current nursing home contracts comply with the *Nursing Home Act* and regulations.
- Supported the implementation of provincial information security policies and procedures in support of the *Health Information Act (HIA)* and the *Freedom of Information and Protection of Privacy (FOIP) Act*.
- Reviewed and confirmed the status of all active and auxiliary hospitals.

Collaborated with health authorities and other partners on workforce planning.

- Drafted a comprehensive workforce plan in collaboration with Alberta Learning and regional health authorities. Conducted analyses of supply and demand of workers, trends affecting health workforce planning and current strategies.
- Negotiated with Citizenship and Immigration Canada to allow health authorities and providers to recruit up to 75 foreign-trained health professionals through the Provincial Nominee Program.

Developed information technology systems to support implementation of an Electronic Health Record (EHR) that will include individual demographic information, medication histories and laboratory test results histories.

- Developed components of EHR for implementation in 2003/2004:
  - Developed and tested an Alberta Provider Directory.
  - Implemented the Provincial Personal Health Identifier initiative to create a single, standard patient identifier across the health system.
  - Completed the Person Directory application to give authorized users access to patient identifiers and the ability to enter and update demographic information. Redeveloped the Stakeholder Demographic Health Information standard to support the consistency of information in the directory.

- Conducted pilots of the Pharmaceutical Information Network (PIN) in Westlock and Leduc. PIN is being updated for incorporation into EHR.
- Developed a Laboratory Test Results History application. Completed a repository of laboratory test results for Capital Health Authority. A similar repository is in development in Calgary Health Region.

- Provided information technology services to support the Physician Office System Program, and developed a set of message specifications to connect physician office systems to EHR.
- Participated in the development of the Western Health Information Collaborative (WHIC) Provider Registry for western Canada.
- Developed privacy content and selected a vendor for privacy and security awareness training for regional health authorities. Developed training material for pharmacists in consultation with the College of Pharmacists of Alberta, and started work on similar material for physicians with the College of Physicians and Surgeons of Alberta and the Alberta Medical Association.
- Identified minimum connectivity requirements and gaps between health authority preparedness and those requirements, to strengthen security of information.
- Continued to support existing Seniors Drug Profile (SDP) sites prior to transition to the EHR. SDP was replaced by PIN in some locations.
- Established the Information Management/ Information Technology (IM/IT) Governance Council to provide oversight of all provincially funded sector IM/IT investments in health that are significant in terms of investment, scope, or strategic impact. Membership is comprised of representatives and stakeholders from the health authorities, organizations and associations.

Seniors Drug Profile

The Seniors Drug Profile gives health service providers access to information about the medication dispensed to Alberta seniors. Once the provincial Electronic Health Record is ready for implementation, Seniors Drug Profile sites will be gradually transitioned to the Electronic Health Record.

	March 2002	March 2003
Number of health facilities	103	98
Number of sites, including home care sites	423	571
Number of physician offices	39	48
Number of patient profiles accessed (six months prior to reporting date)	37,420	24,374*

*The number of patient profiles accessed through the program declined following implementation of the Health Information Acts S. 59 while health authorities developed processes for obtaining the required consent.

AN ELECTRONIC HEALTH RECORD IS A COLLECTION OF INDIVIDUAL HEALTH INFORMATION, FROM DIFFERENT HEALTH PROFESSIONALS, OVER TIME, TO SUPPORT BETTER TREATMENT AND CARE. IT WILL BE ACCESSIBLE ACROSS ALBERTA.

Prepared for integration of mental health services into health regions.

- Developed a transfer plan through the Mental Health Transition and Implementation Team. The plan provided for the transfer of mental health programs, services and facilities to regional health authorities on a geographic basis, effective April 1, 2003. The Alberta Mental Health Board will continue to govern and operate province-wide services and programs such as forensic psychiatry, suicide prevention, Aboriginal mental health and tele-mental health.

Co-chaired the process for coordinating federal/provincial/territorial (FPT) initiatives and collaborative inter- and intra-provincial ventures.

- As lead province for 2002/2003, chaired and co-chaired numerous intergovernmental conferences and committees:
  - June 2002 Deputy Ministers of Health Conferences.
  - September 2002 Ministers of Health Conferences.
  - Ministers of Health Symposium on Quality Health.
  - Deputy Ministers' Retreat.
  - Emergency Preparedness Network.
  - Deputy Ministers' Special Task Group for Reviewing F/P/T Business Processes.
  - Emerging Technology and Information Technology Committee.
  - Working Group for Performance Indicator Reporting Committee.
- Served as Liaison Deputy Minister to the Canadian Council for Donation and Transplantation. Led the process to evaluate the effectiveness of the Council from February to May 2003.

Expanded the mandate of the Health Services Utilization Commission to establish the Health Services Utilization and Outcomes Commission.

- Expanded the commission's mandate to increase its focus on monitoring and reporting on the performance of the health system, including quality of services, access, safety, overall performance, patient satisfaction and use of the system. Nine commissioners were appointed.

Shared health system performance information.

- Published *Alberta's Report on Comparable Health Indicators*, in accordance with the Federal/Provincial/Territorial agreement to develop and report on comparable health indicators. The report compares Alberta's performance on more than 60 health system indicators with national averages.
- Published *The 2002 Public Survey about Health and the Health System in Alberta*, an annual survey that includes self-ratings of health status and ratings of the quality of health services received.

ALBERTA'S REPORT ON COMPARABLE HEALTH INDICATORS SHOWED ALBERTANS' HEALTH STATUS IS SIMILAR TO THE CANADIAN AVERAGE AND WAIT TIMES FOR SERVICES ARE ALSO SIMILAR TO THE NATIONAL AVERAGE.

Prepared a plan for the efficient and effective utilization, maintenance, upgrading and replacement of health facilities in the province.

- Prepared a provincial health capital plan that supports the capital budget approval process.

Supported evidence-based decision-making through research and evaluation.

- Invested approximately $22 million in Alberta-based research interests and organizations including those sponsored by the Alberta Heritage Foundation for Medical Research, the Alberta Cancer Board, and the Health Services Utilization and Outcomes Commission. The funding supports health research for policy development, and health system improvement, reform and innovation.

Established province-wide standards for information technology, in conjunction with the Alberta Government Chief Information Officer.

- For the Ministry:
  - Initiated compliance reviews for incorporation of the Government of Alberta Enterprise Architecture — the cross-government standard — across the Ministry, to support cross-government sharing of information and services.
  - Upgraded e-mail and file/print applications to government standards.
- For the health system:
  - Updated information and technology standards for immunization/adverse reaction reporting, the Pharmaceutical Information Network (PIN) and Telehealth.
  - Developed standards to build data sets for emergency health services and breast and cervical cancer screening.
  - Facilitated the adoption of standards for the Alberta Waitlist Registry project.

Established a long-term funding approach to support the development of information technology systems.

- Developed a funding model for health system information management/information technology (IM/IT) requirements, to set Ministry-wide priorities and improve co-ordination of initiatives.
- Submitted a funding proposal to Health Infoway Inc. as part of the Western Health Information Collaborative, including $19 million for PIN and $6 million for further development requirements.
- Through Alberta Wellnet, developed standing offer contracts for regional health authorities purchasing services or equipment to improve their information technology.

Addressed barriers to cost-effectiveness and revenue generation in health authorities.

- Accepted 49 of the 50 recommendations of the Committee on Collaboration and Innovation, to make regional health authorities more collaborative, innovative and accountable.
- Established new hospital billing rates for out-of-province patients and other non-entitled persons (e.g. RCMP, military personnel) to allow recovery of the full costs of hospital services, and introduced flexibility for RHAs to charge higher rates to the Workers' Compensation Board, where warranted, on the basis of a proposal.
- Implemented inflation adjustments for in-patient care rates under reciprocal billing arrangements with other provinces and territories.

Key Performance Measures and Results

Measure 3.A

Public self-rated knowledge of health services available

The percentage of Albertans who rate their knowledge of health services available to them as "excellent" or "good."

Target (2003) = 70 per cent

Rationale

Albertans who are knowledgeable about health services available are better able to access these services to seek appropriate services. Alberta Health and Wellness, health authorities and health professionals have responsibilities to contribute to Albertans' knowledge about health services. A more knowledgeable public can help improve the effectiveness and efficiency of the health system by making good decisions about how to use our health resources.

Results

Self-Reported Knowledge of Health Services	1999	2000	2001	2002	2003	Target 2003
Knowledge of which health services are available (percentage responding excellent or good)	63	63	66	62	65	70

Source: Alberta Health Survey, 1999 – 2003.

Discussion

Self-reported knowledge of available health services remains below target, but did improve slightly in 2003, from the 2002 result. The health system has changed significantly in recent years, and changes continue to be discussed, which has likely contributed to the feeling that the system is unfamiliar. More effort is needed to inform health providers and the public about which services are available.

Source: Alberta Health and Wellness Survey (annual). Data are collected through a telephone survey of 4,000 randomly selected Alberta households. The survey is commissioned by Alberta Health and Wellness and is conducted by the Population Research Laboratory at the University of Alberta; the response rate for the survey has ranged between 74 per cent and 81 per cent in recent years. Results for the entire sample are accurate within two per cent 19 times out of 20.
Albertans are asked: "In general, how would you rate your knowledge of the health services available to you? Would you say: excellent, good, fair or poor?" The measure is the percentage of respondents who answered "excellent" or "good."

Measure 3.B

Stakeholder ratings of access to information

The percentage of Ministry stakeholders who report easy access to health system information.

Target (2003) = Improvement

Rationale

The collection and provision of health system information, and the protection of privacy, are important functions of the Ministry.

Results

Measure currently under development.

Source: An annual survey of users of Ministry information is under development.

Goal 4 To optimize the effectiveness of the Ministry.

To be as effective and efficient as possible, the Ministry must keep pace with new knowledge and use its human, financial and technological resources in an optimal fashion. Internally, the Ministry must foster a culture of learning. Externally, the Ministry must collaborate with key stakeholders, particularly with other government departments, to support cross-government initiatives.

What we did

Implemented an Information Management Framework that includes standardized definitions and performance measures within the Ministry.

- Formed cross-functional teams to co-ordinate activities to improve quality and standardization of department data and information resources.
- Implemented and reported on performance measures for management of information.

Participated in collaborative initiatives with other ministries.

- Under the Early Childhood Initiative, promoted positive birth outcomes, maternal health and healthy infancy:
  - Directed federal funding to regional health authorities to implement Young Family Wellness services and to the Alberta Mental Health Board and AADAC to deliver treatment and support services to high-risk women and/or families who are pregnant or raising young children.
  - Implemented a work plan to establish the Alberta Perinatal Health Program.
  - Collaborated on reports on Alberta's baseline expenditures for young children and their families, investments in enhanced services, and the status of indicators for the health and well being of young children.
- Under the Alberta Children and Youth Initiative, collaborated on policies and processes to improve cross-ministry coordination and support for children and youth with special and complex needs and their families.
- Under the Initiative on Information Sharing, developed practice guidelines, training resources, and an implementation plan to improve information sharing among government ministries and community agencies.
- Under the Initiative on Youth in Transition, collaborated on a review of policies and made recommendations on how to better address issues affecting the transition of youth to adulthood.
- Under the Government of Alberta Security Services Project, worked with other ministries to develop a protocol to govern access to personal information and a Request for Proposal to obtain authorization and authentication services.
- Worked with Service Alberta to establish links to the Ministry's Healthy U Web site, connect after hours inquiries on the Alberta Health Care Insurance Plan to the Ministry voice-mail system, and update information on the Service Alberta Web site.
- Worked with health system stakeholders and Alberta Innovation and Science to ensure Supernet meets the needs of the health environment.

SUPERNET WILL SUPPORT PROJECTS LIKE THE ELECTRONIC HEALTH RECORD AND TELEHEALTH BY IMPROVING ACCESS TO INFORMATION TECHNOLOGY INFRASTRUCTURE IN RURAL AND REMOTE AREAS.

Worked with partners to achieve the objectives of the Aboriginal Policy Initiative and the Aboriginal Health Strategy.

- Provided $550,000 in grant funding to 12 new community-based projects to improve Aboriginal access to provincial health services and build partnerships between regional health authorities and Aboriginal communities. Projects addressed mental health, diabetes, rehabilitation services, telehealth, injury prevention, children's health and home care.
- Awarded $271,000 to 53 Aboriginal students through the Aboriginal Health Careers Bursary program.
- Provided grant funding to Aspen Regional Health Authority and the Metis Community Health Council "Family Friend Project," to provide home care services to the elderly and disabled in four eastern Metis Settlements.
- Signed a three-year health services partnership agreement with the Nunee Health Board and the Northern Lights Regional Health Authority. The agreement improves access to home care, mental health and other health services for residents of Fort Chipewyan.

THE ALBERTA HEALTH CAREERS BURSARY IS FUNDED BY ALBERTA HEALTH AND WELLNESS AND ADMINISTERED BY THE ALBERTA SCHOLARSHIPS PROGRAM. TO DATE, IT HAS AWARDED OVER $1.1 MILLION TO 260 ABORIGINAL STUDENTS.

Maintained a plan for the resumption of business in the event of a public crisis, in close collaboration with Alberta Municipal Affairs.

- Drafted business resumption plans for the most critical business functions to ensure services can be resumed after an interruption to normal operations.

Key Performance Measures and Results

Measure 4.A

Quality of service provided by registry and client information service

Client ratings of quality of service received. The measure is the percentage of persons who make inquiries to the Customer Services and Registration Branch who report they are satisfied with the services received. Target (2003) = 85 per cent

Rationale

Customer Services and Registration Branch is a primary link between the public and Alberta Health Care Insurance Plan, providing responses to inquiries about health service claims and coverage. The department is committed to the Service Excellence Framework, a cross-government initiative to find ways to provide excellent service to Albertans and all other clients of government.

Results

	2000	2001	2002	Target 2003
Client satisfaction with service provided by Registry and Client Information Services, Alberta Health and Wellness. (percentage responding satisfied or very satisfied)	86	85	82	**85**

Source: Customer Services and Registration Branch, Client Satisfaction Survey; June 2000, September 2001, January 2003.

Discussion

These results indicate those Albertans who receive registry and information services from Alberta Health and Wellness remain satisfied with the services provided. Results from the 2002 survey are slightly lower than previous years, but the change is not statistically significant.

Source: Customer Services and Registration Branch, Client Satisfaction Survey conducted by Criterion Research (June 2000; September 2001; January 2003). The survey of 1,000 clients produces results accurate within three per cent 19 times out of 20.

MEASURE 4.B

Department staff who understand their contribution to the success of the Ministry

Percentage of department staff who report they understand how their work contributes to the success of the Ministry. The measure is the percentage who respond that their understanding is "excellent" or "good."

Target (2002) = 80 per cent

RATIONALE

'Alignment' is one of the five strategic areas addressed in the Corporate Human Resource Plan that requires organizational supports. The Ministry must ensure the goals and behaviours of individual employees are aligned with department and government goals. There is greater opportunity for success if employees understand how their work contributes to the achievement of business goals.

RESULTS

	1999	2000	2001	2002	Target 2002
Per cent of department staff who agree or agree strongly they know or understand how their work contributes to the achievement of Ministry business plan.	85	83	95	83	**80**

Source: Government of Alberta Corporate Employee Survey (Core Measures Survey), 1999 – 2002; Personnel Administration Office.

DISCUSSION

Most department staff (83 per cent) indicate they have a good understanding of how their work contributes to the achievement of the Ministry business plan, exceeding the 2002 target of 80 per cent. Because of the significant number of new strategic initiatives started during the year in response to the report of the Premier's Advisory Council on Health, the target for 2002 was set lower than the results from 2001 (95 per cent).

Source: Alberta Government's Corporate Employee Survey (formerly called the Core Measures Survey) results for Alberta Health and Wellness. Department staff (n=293) are asked whether they agree or disagree with the statement: "You know and understand how your work contributes to the achievement of your department business plan." The Corporate Employee Survey is conducted each year by the Personnel Administration Office of the Government of Alberta.

Measure 4.C

Satisfaction of other government ministries with the contribution of Alberta Health and Wellness to cross-government initiatives

Percentage of staff surveyed from other ministries who reported they were either satisfied or very satisfied with the contributions made by Alberta Health and Wellness to various cross-government initiatives.

Target (2002) = 86 per cent

Rationale

Alberta Health and Wellness must work with several other government departments in order to achieve its goals and the goals of government in general.

Results

	2001	2002	Target 2002
Percentage of surveyed staff who were satisfied or very satisfied with department contribution.	86	83	**86**

Source: Department Survey of Other Ministries (December 2001; 2002).

Discussion

Results from December 2002 again show very good results for the department, similar to results obtained in 2001. We continue to place a high priority on our work with other government departments.

Source: Alberta Health and Wellness survey (annual) "Satisfaction of Other Ministries with Alberta Health and Wellness' Contribution to Cross-ministry Initiatives." A total of 42 persons responded to the survey, a response rate of 98 per cent.

Integrated Results Analysis

The Alberta Health and Wellness annual report is a summary of the most significant activities of the Ministry and a high level report on the provincial health system's performance. The first three goals focus on the delivery of services and the infrastructure to support them while the fourth goal pertains to the effectiveness of the Ministry itself.

In 2002/2003 the Ministry, in conjunction with the health authorities and stakeholders, continued building the basic structure for a rejuvenated sustainable health system for Albertans. Change in a system as large and complex as Alberta's health system occurs over time, through a variety of implementation stages, which often run concurrently.

Similarly, the impact upon the health system, as indicated by performance measures, is realized over several years. Overall, Alberta's health system has made gains in the attainment of the four goals and their performance measures, but not all of the identified targets have been reached. Expectations are these targets will be reached, if not exceeded, as the health system adjusts and Albertans become familiar with the significant changes being implemented.

Goal 1 focuses on sustaining and improving the delivery of accessible, effective, quality health services to Albertans who need them. Funding was increased for acute, long term, and continuing care as well as mental health and cancer services. Access to other ongoing critical services such as heart surgery and kidney dialysis was maintained without significant funding increases. Goal 1 key performance measures indicated modest gains with the attainment of some of the targets identified.

Continued demographic and immigration growth coupled with citizen expectations have increased the demand on health services.

The numerous strategies and activities implemented in 2002/03 will result in increased sustainability for the health system as a whole in the coming years. These strategies included the initial development for a province-wide information and advice service (HealthLink), pilot testing of a waitlist registry and initial development for a co-ordinated Alberta-wide scheduling system for selected services. The initial planning and tracking processes for changes in long-term care were set in motion through the release of key reports such as the *Healthy Aging and Seniors Wellness Strategic Framework* and *Tracking Progress: A Progress Report on Continuing Care Reform in Alberta*. Collaboration of the health authorities, the Alberta Medical Association and other provinces was evident in the implementation of the alternate physician funding plans, inter-provincial common review process for drugs, expansion of Telehealth and the regional amalgamation of the health authorities.

Improving the health and wellness of Albertans through provincial protection, promotion and prevention strategies provided maintenance and some success for Goal 2 performance measures. Continued support of AADAC activities, initiation of the *Alberta Tobacco Reduction Strategy*, the Healthy U campaign and the diabetes prevention strategy, plus implementation of the long-range immunization plan as part of a national strategy, are expected to impact Albertans' health over the long term. Under the Health Sustainability Initiative, a

Healthy Alberta Promotion and Prevention Policy Framework with 10-year objectives and targets for key Alberta health issues was developed. This framework outlines the basic strategies for collaboration on health promotion and disease prevention, providing another solid building block for the long-term sustainability of the health system.

As there are numerous stakeholders involved in the organizing and delivery of health services in Alberta, effective communication, accountability and information systems are essential to long term viability. Extensive development and pilot testing to support the information system occurred with the standardization for the Alberta Waitlist Registry, Immunization/Adverse Reaction reporting, Pharmaceutical Information Network (PIN) implementation, development and testing of the Electronic Health Record (EHR) and expansion of Telehealth. As information and reporting system investment, upgrading and changes occurs with a variety of projects and stages running concurrently, gains are made incrementally each year. The final goal is an effective system providing accessible, reliable and privacy protected health information.

As the Ministry is one of the key components for the Alberta Health System, increased Ministry effectiveness enhances the overall system. Gains are being made, as reflected in the Goal 4 performance measures. Cross-ministry initiatives such as Health Sustainability, Early Childhood, Alberta Children and Youth, Information Sharing, Aboriginal Policy, and Youth in Transition are supported through the collaboration of numerous ministries.

To make the public health system sustainable, two challenges must be addressed: first, improving the efficiency with which services are delivered; and second, but perhaps more important, influencing the demand for services through activities such as prevention and health promotion. The Ministry is addressing both challenges through a variety of strategies. Successful implementation will be reflected by steady results in the quality, satisfaction and health status performance measures, an improvement in prevention measures, maintenance of Ministry effectiveness and an increase in the public knowledge of the health system resulting in an accurate perception of access to services.

Future Challenges

Shifting population demographics, the pace and costs of emerging technologies, heightened public expectations and changing disease patterns continue to inflate the costs of diagnosing and treating Canadians. Additional pressure is placed on the system through the need for information and refinement of plans to respond to future emerging public health concerns such as SARS. A population-wide agenda for staying healthy is recognized by all jurisdictions as a critical prerequisite for a sustainable health system. The Alberta health system needs to develop plans and be prepared to respond reasonably to manage risk of public health concerns such as SARS and West Nile Virus. To optimize Albertans' health and well being, we need to maintain a balance and synergy between services aimed at diagnosing and treating illness and initiatives focussed on promoting wellness and preventing injury and disease.

A shift in the system's orientation from illness to wellness will occur over time. Challenges arise as an adequate capacity for diagnosis and treatment must be maintained while the infrastructure and mindset for prevention and promotion is reinforced. System sustainability will be a principal concern, with particular focus on the scope of publicly funded services, utilization analysis, and collaboration and innovation among key stakeholders.

All parties share in the responsibility of "producing" or "creating" health. This direction and challenge will be identified, and must be pursued in and by every jurisdiction in Canada, if the public system and its values are to be sustained.

Organization with a Provincial Mandate 2002/2003

Alberta Alcohol and Drug Abuse Commission (AADAC)

Mission

To assist Albertans in achieving freedom from the abuse of alcohol, other drugs and gambling.

Core Businesses, Goals and Measures

Core Business 1: Prevention

AADAC provides programs and services that increase the capacity of individuals, families, and communities to effectively address potential problems relating to alcohol, other drugs and gambling. Prevention aims to increase protective factors and reduce risk factors clearly associated with the development of addiction. Prevention services include early intervention, education and training programs. Services are delivered through a network of AADAC Offices and community-based Funded Agencies located throughout the province.

Goal 1 To prevent the development of alcohol, other drug, and gambling problems through planned actions that impact targeted populations and their immediate support systems.

Measure 1.A

Clients experience reasonable access to prevention services.

The per cent of clients who report "no difficulty" accessing prevention services.

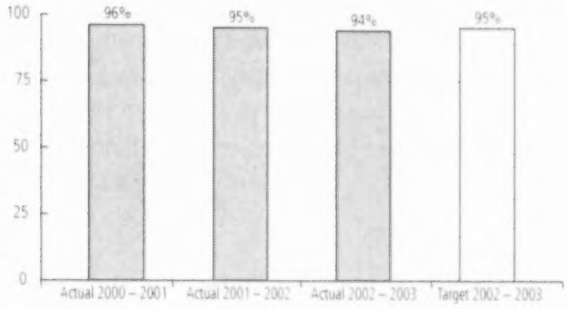
Target (2002/2003) = 95%

Rationale

Client and community access to prevention services increases the likelihood of effectively addressing potential alcohol, other drug and gambling problems. Achieving access targets means more Albertans received timely prevention services.

Results

AADAC client access — Prevention



Per cent of clients reporting "no difficulty" accessing prevention services.

Source: AADAC Prevention Survey database

Discussion

Results were within one per cent of the target; 94 per cent of clients reported "no difficulty" accessing prevention services.

Source: In 2002/2003, two mail-out surveys were conducted (September 2002 and March 2003). Mail-out surveys were sent to a random sample of 399 clients who consented to be contacted for follow-up and 227 surveys were returned (response rate = 56.9 per cent). The margin of error was ± 5.8 per cent, 19 times out of 20.

Measure 1.B

Clients are satisfied with prevention services.

The per cent of clients who report being "somewhat satisfied" or "very satisfied" with prevention services.

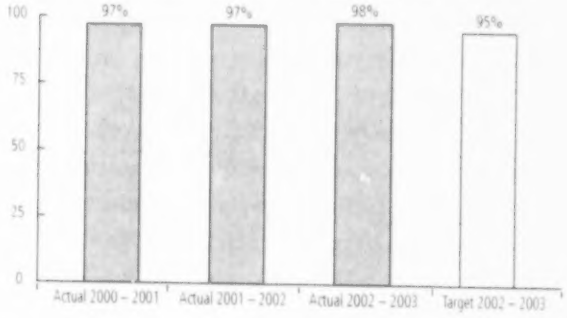
Target (2002/2003) — 95%

Rationale

It is important prevention programs meet the needs and expectations of the individuals or groups intended to receive these services. For this reason, AADAC surveys its clients' level of satisfaction with the prevention services they received.

Results

AADAC client satisfaction — Prevention



Per cent of clients reporting they were "somewhat satisfied" or "very satisfied" with prevention services received.

Source: AADAC Prevention Survey database

Discussion

The target for client satisfaction with prevention services was exceeded; 98 per cent of clients reported they were "somewhat satisfied" or "very satisfied" with prevention services received.

Note: In previous annual reports, "very satisfied" was reported for client satisfaction with prevention services received. In 2002/2003, "somewhat satisfied" and "very satisfied" were combined to better reflect client satisfaction. The performance target was adjusted accordingly and previous years results were recalculated and reported in a consistent manner.

Source: In 2002/2003, two mail-out surveys were conducted (September 2002 and March 2003). Mail-out surveys were sent to a random sample of 399 clients who consented to be contacted for follow-up and 227 surveys were returned (response rate = 56.9 per cent). The margin of error was ± 5.8 per cent, 19 times out of 20.

Core Business 2: Treatment

AADAC provides programs and services to help people improve or recover from the harmful effects of alcohol, other drug and gambling problems. Services include community-based outpatient counselling and day programs as well as residential treatment services that provide a structured environment to assist dependent clients in their recovery from addictions. Crisis services include detoxification, counselling on an emergency basis, referral and over-night shelter. An AADAC helpline is available toll-free, province-wide. Specialized programs are available for youth, women, men, Aboriginal peoples, business and industry referrals and those with opiate dependency.

Goal 2

To provide treatment services that assist Albertans to improve or recover from the harmful effects of alcohol, other drug and gambling problems.

Measure 2.A

Clients experience reasonable access to treatment services.

The per cent of clients who report "no difficulty" accessing treatment services.

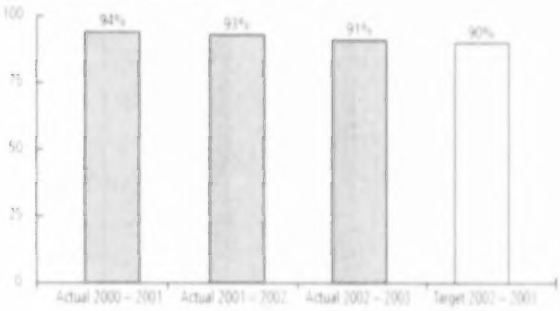
Target (2002/2003) = 90%

Rationale

Client access to treatment services increases the likelihood of positive outcomes. AADAC believes basic treatment services should be accessible to clients in their local community and specialized service should be available in a regional or provincial basis.

Results

AADAC client access — Treatment



Per cent of clients reporting "no difficulty" accessing treatment services.

Source: AADAC System for Information and Service Tracking (ASIST) database. AADAC Interim Corporate Reporting (ICR) database.

Discussion

The target for access to treatment services was exceeded; 91 per cent of clients reported "no difficulty" accessing treatment services.

Source: Clients in treatment services (excluding detoxification) were asked the access question on a form during their first treatment session; clients in detoxification services were asked the access question on a form at the end of service. Of the 44,931 admissions, 86.4 per cent answered the question and 13.6 per cent were missing.

Measure 2.B

Clients are satisfied with treatment services.

The per cent of clients who report being "somewhat satisfied" or "very satisfied" with treatment services.

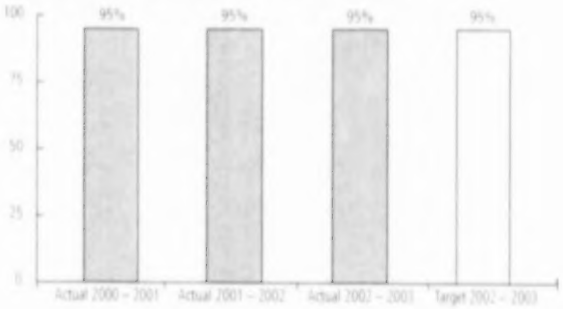
Target (2002/2003) = 95%

Rationale

It is important treatment programs meet the needs and expectations of the client or groups intended to receive these services. Therefore, AADAC surveys its clients' level of satisfaction with the treatment services they received.

Results

AADAC client satisfaction — Treatment



Per cent of clients reporting they were "somewhat satisfied" or "very satisfied" with treatment services received.

Source: AADAC Treatment Follow-up database

Discussion

The target for client satisfaction with treatment services was met; 95 per cent of clients reported they were "somewhat satisfied" or "very satisfied" with treatment services received.

Note: In previous annual reports, "very satisfied" was reported for client satisfaction with treatment services received. In 2002/2003, "somewhat satisfied" and "very satisfied" were combined to better reflect client satisfaction. The performance target was adjusted accordingly and previous years results were recalculated and reported in a consistent manner.

Source: Client satisfaction was assessed from two sources:

(1) Follow-up telephone interviews for clients in treatment other than detoxification was conducted by an independent private research contractor. Clients entering treatment services (excluding detoxification) were eligible for telephone interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. A random sample of 3,497 clients was telephoned three months after treatment completion. A total of 1,267 clients were interviewed and asked to rate their level of satisfaction with services received (response rate = 36.2 per cent). The margin of error is ± 2.7 per cent, 19 times out of 20.

(2) Client satisfaction with detoxification was measured by a self-administered feedback survey given to clients at the end of service. Of the 11,914 detoxification admissions, 6,562 surveys were returned (response rate = 55.1 per cent).

Results from both sources were combined and weighted to provide total client satisfaction (n = 7,829).

Measure 2.C

Clients achieve abstinence or improved level of recovery.

Per cent of clients that report they were "abstinent" or "improved" three months after treatment.

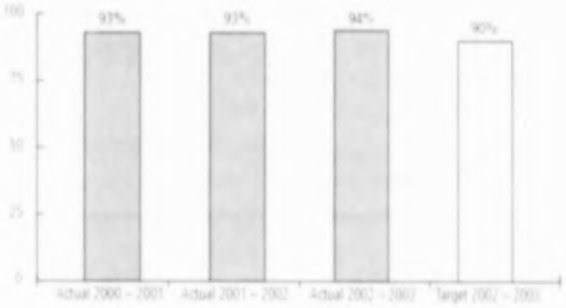
Target (2002/2003) — 90%

Rationale

AADAC offers a continuum of treatment services that address the individual needs of clients. The outcomes of treatment programs are measured to ensure these programs are effective.

Results

Client level of recovery — Treatment



Per cent of clients reporting they were "abstinent" or "improved" three months after treatment.

Source: AADAC Treatment Follow-up database

Discussion

The target for level of recovery was exceeded; 94 per cent of clients reported they were "abstinent" or "improved" three months after treatment.

Source: Level of recovery was assessed using follow-up telephone interviews conducted by an independent private research contractor. Clients entering treatment services (excluding detoxification) were eligible for interview selection. Based on annual client admissions, sample quotas were assigned to each treatment type. A random sample of 3,497 clients was telephoned. A total of 1,267 clients were interviewed for follow-up three months after treatment (response rate = 36.2 per cent). The margin of error is ± 2.7 per cent, 19 times out of 20.

Core Business 3: Information

AADAC provides services that inform Albertans about alcohol, other drugs and gambling problems, and AADAC services. Albertans and other stakeholders are provided with current evidenced-based information on issues, emerging trends, research, and performance measurement regarding addictions. Publications, videos, posters and information on AADAC's programs and services are available through AADAC offices and clinics and are also accessible through AADAC's Web site at www.aadac.com.

Goal 3 To provide evidence-based information about alcohol, other drug and gambling problems, and inform Albertans about AADAC's programs and services.

Measure 3.A

Albertans are informed about addictions and AADAC's services.

Number of hits on AADAC Web sites.

Number of calls to province-wide toll-free help lines.

Target (2002/2003) — 5% increase above 2000/2001 baseline

Rationale

Albertans who are informed about alcohol, other drug and gambling problems, and AADAC services are better able to make good decisions in these areas and are better able to access appropriate services.

Results

Measure	Baseline 2000 – 2001	Actual 2002 – 2003	Target 2002 – 2003
Number of hits on AADAC Web sites	366,054	2,804,316	**5% increase**
Number of calls to province-wide toll-free help lines	3,484	15,738	**5% increase**

Source: Alberta Government Web Server Usage Statistics
AADAC Funded Services
Capital Health Authority's Capital Health Link

Discussion

The targets for number of hits on AADAC Web sites and the number of calls to the helplines were exceeded; AADAC Web sites hits increased 666 per cent and calls to the helplines increased 352 per cent. The considerable increase in the number of hits on the Web sites is due mainly to the introduction and marketing of two new Web sites — Youth and Parent/Teacher. The Smoker's Helpline was initiated and incorporated into the 1-866 AADAC Helpline, contributing to the large increase in helpline calls.

Source: Alberta Government Web Server Usage Statistics
AADAC Funded Services — Gambling Help Line (April -August, 2002)
Capital Health Authority's Capital Health Link — 1-866-33AADAC (August 6, 2002 – March 31, 2003)

Strategies

STRATEGY 1.0

Address substance abuse and problem gambling needs of Albertans through the delivery of sustainable prevention, treatment and information services.

Achievements:

- As part of the strategy to deliver specialized substance abuse and problem gambling services for children and youth, AADAC provided mobile services across the province and completed a process evaluation of AADAC mobile services for high-risk children/teens.
- In collaboration with stakeholders, AADAC developed new resources for grade 4, 7, and 9 students and increased teacher access to curriculum materials through AADAC's Web site. Orientation and training of AADAC and Funded Agency staff delivering services to schools across the province was completed.
- In collaboration with Alberta Learning and other stakeholders, AADAC launched The Alberta Youth Experience Survey — a province-wide study of junior and senior high students. Information on alcohol/drug use and gambling was collected from more than 4,000 students in 39 school divisions.
- AADAC continued to collaborate with the Gaming Ministry and provided representation on the Alberta Gaming Research Council. AADAC continued to work with Alberta Gaming to deliver awareness and intervention training to casino staff. In addition, AADAC Research Services initiated a study on the impact of problem gambling on families and completed an evaluation of the Problem Gambling Stabilization Program offered at Henwood Treatment Centre. Project funding for gambling programs was approved for the communities of Banff, Canmore, Edmonton, Grande Prairie, Hinton and St. Paul.
- In partnership with Alberta Mental Health Board and Regional Health Authorities, AADAC established a variety of local initiatives to enhance services for clients with mental health and addiction problems. AADAC Learning Services offered two courses on concurrent disorders to staff and allied professionals.
- AADAC co-ordinated the implementation of the *Alberta Tobacco Reduction Strategy (ATRS)*. Tobacco Reduction Counselors were hired throughout the province and funding was approved for 40 community tobacco reduction projects. The AADAC Smoker's Help line was initiated and incorporated into the 1-866 AADAC Help line. A large-scale social marketing campaign (*It's Time to Tell the Truth about Tobacco*) was launched and youth prevention programs were actively promoted during national Non-Smoking Week. The ATRS included a research framework to support the development of resources (e.g., *Tobacco Basics Handbook*), program planning, monitoring and evaluation.
- The Commission is a member of the Non-Prescription Needle Use consortium. Efforts to increase access to methadone treatment and streamline protocols for admission to the Opiate Dependency Program were initiated.
- AADAC participated in planning and hosting the Provincial Harm Reduction Conference held in Banff.

STRATEGY 2.0

Participate in key cross-government initiatives in a manner appropriate to AADAC's mandate and resources.

Achievements:

- AADAC is a core partner in the Health Sustainability Initiative, contributing through membership on the Partnering Deputies Committee as well as sub-committees (e.g., the seniors committee). AADAC's Learning Services delivered two courses for treatment providers who work with seniors.
- AADAC contributed to the implementation of the Aboriginal Policy Initiative through the establishment of four new addiction initiatives with the Mannawanis Native Friendship Centre, the Mikisew Cree First Nation, the Piikani Nation, and the Freedom River Counselling Group. AADAC sponsored the Blueprint for the Future (an Aboriginal career fair) held in Calgary, as well as the Indigenous People's Leadership Conference held in Edmonton.
- AADAC is a member of the Alberta Children and Youth Services Initiative (ACYI) Partnering Deputies Committee, which sets overall direction for this initiative. The commission is also represented on the ACYI Coordinating Committee, the Provincial Protection of Children Involved in Prostitution (PChIP) Committee, the Aboriginal Youth Suicide Prevention Working Committee, the Youth in Transition Implementation Committee, and the Southern Alberta Child and Youth Health Network.
- AADAC is supporting Alberta Children's Services in re-establishing the Alberta Partnership on FASD (fetal alcohol spectrum disorder). AADAC is also represented on the Canada Northwest FASD Partnership (formerly the Prairie Northern Pacific Partnership). AADAC's Learning Services developed and delivered training sessions on women's issues in treatment and working with clients with FASD.
- AADAC introduced Enhanced Services for Women (ESW). Services available in Calgary, Edmonton and Grande Prairie are designed to better reach pregnant women who need help for a substance use problem. A series of resources on substance use during pregnancy was developed to support this initiative.
- AADAC supports the *Economic Development Strategy* by promoting AADAC services as an important component in developing and maintaining a healthy and viable workforce. To this end, a feasibility study to expand the AADAC Business and Industry Clinic was completed and an evaluation initiated to assess the long-term outcomes for clients at the clinic. In addition, a replication of the 1992 study on substance abuse and gambling in the workplace was completed.

STRATEGY 3.0

Promote organizational effectiveness by facilitating new ways of delivering comprehensive, integrated addiction services.

- Focusing on a single point of entry to client services, a new contract was signed with Capital Health Link to provide Albertans with toll-free telephone access to alcohol, other drug (including tobacco) and problem gambling information and referral services. In addition, AADAC continued to offer services (e.g., emergency room assessment, on site counselling) to hospitals in all 17 RHAs.
- AADAC hosted a series of roundtable discussions (eight regional and one provincial session) to work with stakeholders to define future directions and priorities and discuss the sustainability of addiction services in the province. Over 260 individuals from across Alberta participated.
- AADAC continued to participate in provincial, national and international alliances. AADAC is represented on the Federal/Provincial/Territorial Advisory Committee on Alcohol and Other Drug Issues, as well as the national Alcohol and Drug Treatment and Rehabilitation Agreement. As a member of the Canadian Executive Council on Addictions, AADAC co-presented at hearings held by the House of Commons Special Committee on the Non-Medical Use of Drugs. AADAC also presented at the World Forum on Drug Dependencies (Montreal), and was invited to present at the 1st China International Symposium on Alcohol and Health (Shanghai) and the Hope 2002 Second International Conference on Substance Abuse and HIV (Mumbai, India).
- Building on AADAC's corporate human resource management strategy, core-training standards for supervisors and managers were identified and approved, and a new competency framework drafted to support the leadership continuity process. In addition, AADAC and Athabasca University established a distance-education management development certificate, providing advanced training for staff interested in management positions.

Future Challenges

AADAC will continue to be challenged to maintain quality addiction services while responding to changing client and community needs. These include:

- Working with others to co-ordinate services and responding to addictions as a key factor in population health.
- Balancing investment in treatment and prevention by continuing to provide immediate and compassionate care to those experiencing problems with substance use or gambling, and focusing over the long-term on prevention strategies that target youth and other sub-populations at risk for developing problems.
- Sustaining capacity through strategic planning and partnerships to meet increasing service demands due to population growth and urbanization, cultural diversity, and more complex client issues (e.g., mental health problems, FASD, HIV, and hepatitis concurrent with addictions).
- Demonstrating effectiveness through consistent delivery of programming based on research and best practices in the addiction field, and publicly reporting on outcomes and achievements.
- Remaining innovative in our delivery of services to reach those client groups (e.g., youth at risk, seniors, the homeless) who do not readily access programs and services through the usual routes.
- Changing demographics and recruitment of staff in a competitive labour market.
- Fostering community solutions through consultation and collaboration with citizens and stakeholders to ensure the formation of a comprehensive approach to substance abuse and problem gambling.
- Capitalizing on increased use of information technology to improve operational effectiveness and to provide services to an increasingly educated and sophisticated public.

Financial Information

Ministry of Health and Wellness

Consolidated Financial Statements

March 31, 2003

MINISTRY OF HEALTH AND WELLNESS

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003

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AUDITOR'S REPORT

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Health and Wellness as at March 31, 2003 and the consolidated statements of operations and changes in financial position for the year then ended. These consolidated financial statements are the responsibility of the management of the Ministry. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Described in the following paragraphs are exceptions from Canadian generally accepted accounting principles. In aggregate, as at March 31, 2003, these matters result in an understatement of assets of approximately $4,064 million and an understatement of liabilities of approximately $3,320 million, resulting in recorded net liabilities being converted into net assets of approximately $467 million. Similarly, there is an understatement of revenues of approximately $749 million and an understatement of expenses of approximately $815 million, resulting in an increase in the annual deficit of approximately $66 million.

The Ministry of Health and Wellness is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Reporting entity

The consolidated financial statements of the Ministry of Health and Wellness (the reporting entity) do not include the results of operations and net assets of regional health authorities and Provincial health boards as referred to in Note 2(a). Exclusion of the regional health authorities and the Provincial health boards from the reporting entity is an exception from Canadian generally accepted accounting principles. These principles

provide for the inclusion of the results of operations and net assets of organizations that are controlled by the government. In my opinion, the above noted organizations meet the criteria for inclusion in the reporting entity and, accordingly, the results of operations and net assets of these organizations should be included in the accompanying financial statements.

The following describes, at a summary level, the effect of not including regional health authorities and Provincial health boards in the accompanying financial statements and is intended to illustrate the overall magnitude of the effect on the financial statements. If these entities had been included in the financial statements, the total assets would increase by approximately $4,024 million and total liabilities would increase by approximately $3,320 million as at March 31, 2003, resulting in recorded net liabilities being converted into net assets of approximately $427 million. Similarly, there would be an increase in revenue of approximately $749 million and an increase in expenses of approximately $818 million for the year ended March 31, 2003, resulting in an increase in the annual deficit of approximately $69 million. Had consolidated financial statements been prepared, virtually every account in, and the information provided by way of note to, the accompanying financial statements would have been materially different.

Related Party Transactions

As the corporate government accounting policies followed stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities and Provincial health boards are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities and Provincial health boards are related parties of the Ministry of Health and Wellness. Since their net assets, revenues and expenses have not been included in these financial statements, a description of the nature and extent of the Ministry's transactions with them should have been included in Schedule 5, Related Party Transactions.

Capital Assets

The Ministry employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently, a significant amount of resources available to the Ministry for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2003, assets are understated and net liabilities are overstated by approximately $40 million representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. As the value of capital asset purchases that were expensed in the current year is greater than the amount that would have been recorded as amortization expense, expenses are overstated for the year ended March 31, 2003 by approximately $3 million.

In my opinion, because of the effects of the matters discussed under the Reporting Entity heading in the preceding paragraphs, these consolidated financial statements do not present fairly the financial position of the Ministry as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 23, 2003

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003		2002
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 107,487	$ 107,487	$ 84,065
Transfer from the Government of Canada	1,171,577	950,155	1,143,448
Premiums and Fees	891,063	936,750	730,344
Other Revenue	58,975	78,434	77,744
	2,229,102	2,072,826	2,035,601
Expenses - Directly Incurred (Note 2c and Schedules 3 and 6)			
Program			
Regional Health Authorities and Health Boards	3,834,716	3,850,112	3,416,043
Province-Wide Services	415,492	418,042	394,466
Physician Services	1,436,667	1,441,543	1,226,803
Blue Cross Benefit Program	362,611	413,066	363,667
Extended Health Benefits	-	-	23,505
Allied Health Services	63,553	62,456	62,510
Protection, Promotion and Prevention	167,612	141,727	130,997
Human Tissue and Blood Services	120,016	115,605	104,000
Other Programs	186,897	147,382	159,801
Alberta Alcohol and Drug Abuse Commission	58,147	57,798	43,865
Response to Premier's Advisory Council on Health	25,000	13,586	1,071
Ministry Support Services	94,516	105,536	103,401
Systems Development	30,686	23,507	16,121
Supplemental Capital Equipment	-	-	48,996
One-Time Financial Assistance to Health Authorities	-	-	197,637
	6,795,913	6,790,360	6,292,883
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	50,218	32,328
Other Write-Offs	-	45	16
	41,363	50,263	32,344
Provision for Vacation Pay	-	635	(1,933)
	41,363	50,898	30,411
Loss on Disposal of Capital Assets	-	-	2,129
	6,837,276	6,841,258	6,325,423
Net Operating Results	$ (4,608,174)	$ (4,768,432)	$ (4,289,822)

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Cash (Note 4)	$ 23,208	$ 8,648
Accounts Receivable, Loans and Advances (Note 5)	146,957	134,462
Consumable Inventory (Note 3)	5,636	170
Capital Assets (Note 6)	50,727	36,048
	$ 226,528	$ 179,328
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 7)	$ 412,805	$ 370,540
Unearned Revenue (Note 8)	91,029	133,287
	503,834	503,827
NET LIABILITIES		
Net Liabilities at Beginning of Year	(324,499)	(332,140)
Net Operating Results	(4,768,432)	(4,289,822)
Net Transfer from General Revenues	4,815,625	4,297,463
Net Liabilities at End of Year	(277,306)	(324,499)
	$ 226,528	$ 179,328

The accompanying notes and schedules are part of these consolidated financial statements.

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003	2002
Operating Transactions		
Net Operating Results	$ (4,768,432)	$ (4,289,822)
Non-cash items:		
Amortization	2,007	1,414
Loss on Disposal and Write Down of Capital Assets	-	2,129
Health Care Insurance Premium Revenue Write-Offs	50,218	32,328
Other Write-Offs	45	16
Provision for Vacation Pay	635	(1,933)
	(4,715,527)	(4,255,868)
Decrease (Increase) in Accounts Receivable, Loans and Advances and Inventory	(68,224)	11,225
Increase in Accounts Payable and Accrued Liabilities	41,630	105,673
(Decrease) in Unearned Revenue	(42,258)	(134,653)
Cash (Used) by Operating Transactions	(4,784,379)	(4,273,623)
Investing Transactions		
Purchases of Capital Assets	(16,686)	(22,083)
Net Transfer of Capital Assets	-	221
Cash (Used) by Investing Transactions	(16,686)	(21,862)
Financing Transactions		
Net Transfer from General Revenues	4,815,625	4,297,463
Net Cash Provided	14,560	1,978
Cash, Beginning of Year	8,648	6,670
Cash, End of Year	$ 23,208	$ 8,648

The accompanying notes and schedules are part of these consolidated financial statements

MINISTRY OF HEALTH AND WELLNESS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 Authority and Purpose

The Minister of Health and Wellness (Minister) has, by the *Government Organization Act* and its regulations, been designated responsibilities for various Acts. To fulfil these responsibilities, the Minister is responsible for the organizations listed in Note 2(a). The authority under which each organization operates is also listed in Note 2(a). Together these organizations form the Ministry of Health and Wellness (Ministry).

The purpose of the Ministry is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Ministry leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Ministry sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Ministry is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These consolidated financial statements are prepared in accordance with the following accounting policies that have been established by government for all ministries. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Ministry of Health and Wellness. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

These consolidated financial statements include the accounts of the following organizations:

Organization	Authority
Department of Health and Wellness	*Government Organization Act*
Alberta Alcohol and Drug Abuse Commission	*Alcohol and Drug Abuse Act*

The accounts of Regional Health Authorities, the Alberta Cancer Board, and the Alberta Mental Health Board are not included in these consolidated financial statements as these accountable organizations are not considered to be part of the Ministry pursuant to section 1(1)(g) of the *Government Accountability Act*.

(b) Basis of Consolidation

Revenue and expense transactions, investing and finance transactions, and related asset and liability accounts between the consolidated organizations were eliminated upon consolidation.

(c) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received or receivable for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) **Basis of Financial Reporting (continued)**

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Ministry has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(v) Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as cash and consumable inventories. Assets acquired by right are not included. Capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000 for the Department and $5,000 for Alberta Alcohol and Drug Abuse Commission. All land is capitalized.

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vi) Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

(vii) Net Liabilities

Net liabilities represents the difference between the value of assets held by the Ministry and its liabilities.

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, travel advances, accounts payable and accrued liabilities are estimated to approximate their book values.

(ix) Payments under Reciprocal and Other Agreements

The Ministry entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these consolidated financial statements.

Amounts paid and recovered under these agreements are disclosed in Note 11.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

(x) Measurement Uncertainty
(amounts in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, in the amount of $111,105 as reported in these consolidated financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2003 and past collection patter The actual amount collected could vary from that estimated.

Note 3 Change in Accounting Policy

Effective March 31, 2003, the Department changed its accounting policy for expensing consumable inventory (vaccines) from acquisition to consumption basis. This change of accounting policy has been applied on a prospective basis and is in anticipation of change in accounting policy for budgeting purposes for fiscal year 2003-04. This change in accounting policy resulted in the recording of inventory of $5.1 million and reduction of the expenses by $5.1 million for the year ended March 31, 2003.

Had this change in accounting policy been applied retroactively, with restatement of the comparative amounts, the impact on inventory and operating expenses would be as follows:

		2003	2002
		(thousands of dollars)	
Inventory increase	[a]	$ -	$ 7,864
Operating expenses increase / (decrease)		$ 2,744	$ (5,120)

[a] No change from prospective treatment of the change in accounting policy. ($5.1 million recorded on Statement of Financial Position)

Note 4 Cash
(amounts in thousands)

The cash balance consists of the following:

	2003	2002
Department of Health and Wellness Bank Account	$ 13,480	$ 2,585
Alberta Alcohol and Drug Abuse Commission Consolidated Cash Investment Trust Fund	9,718	6,053
Accountable Advances	10	10
	$ 23,208	$ 8,648

Note 5 Accounts Receivable, Loans and Advances
(amounts in thousands)

	2003			2002
	Gross Amount	Allowance for Doubtful Accounts	Net Realizeable Value	Net Realizeable Value
Accounts Receivable	$ 255,828	$ 111,105	$ 144,723	$ 132,551
Refunds Receivable	2,085	-	2,085	1,908
Loans and Advances	149	-	149	3
	$ 258,062	$ 111,105	$ 146,957	$ 134,462

Accounts receivables are unsecured.

Note 6 Capital Assets
(amounts in thousands)

	2003				2002
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Systems development					
Work in progress					
Wellnet projects		$ 39,165	$ -	$ 39,165	$ 26,608
Others		4,927	-	4,927	2,270
		44,092	-	44,092	28,878
Computer hardware and software	3-10 years	17,262	10,777	6,485	7,070
Equipment	10 years	266	116	150	100
		17,528	10,893	6,635	7,170
		$ 61,620	$ 10,893	$ 50,727	$ 36,048

Note 7 Accounts Payable and Accrued Liabilities
(amounts in thousands)

	2003	2002
Accounts payable	$ 201,718	$ 135,033
Accrued liabilities	203,528	228,583
Accrued vacation pay	7,559	6,924
	$ 412,805	$ 370,540

Note 8 Unearned Revenue
(amounts in thousands)

	2003	2002
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Care Insurance Premiums	$ 29,742	$ 23,144
Health Services for Persons with Hepatitis C	921	10,700
Third Party Recoveries	3	75
Federal/Provincial/Territorial Meetings	-	134
Institution Fees	30	34
	30,696	34,087
Less amounts recognized as revenue in the year	(72,954)	(168,740)
(Decrease) increase during the year	(42,258)	(134,653)
Balance at beginning of year	133,287	267,940
Balance at end of year	$ 91,029	$ 133,287
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 49,774	$ 99,410
Health Care Insurance Premiums	29,742	23,144
Health Services for Persons with Hepatitis C	11,480	10,559
Third party recoveries	3	75
Federal/Provincial/Territorial Meetings	-	65
Institution Fees	30	34
	$ 91,029	$ 133,287

Note 9 Commitments
(amounts in thousands)

As at March 31, 2003, the Ministry has the following commitments:

	2003	2002
Specific programs commitments [a]	$ 526,917	$ 1,609,060
Service contracts	40,724	49,203
Equipment leases [b]	331	2,625
	$ 567,972	$ 1,660,888

[a] The 2003 specific program commitments does not include the provision for medical services by physicians as the agreement with the Alberta Medical Association was not in place at March 31, 2003. The Ministry is currently in the process of negotiating an agreement with the Alberta Medical Association for the provision of the medical services by physicians.

[b] The Ministry leases certain equipment under operating leases that expire on various dates. The aggregate amounts payable for the unexpired terms of these leases are as follows:

Year	2003	2002
2003	$ -	$ 918
2004	143	779
2005	110	480
2006	57	448
2007	21	-
	$ 331	$ 2,625

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $115,536 (2002 - $104,000). Budgeted expenditure for the 2004 fiscal year is estimated at $130,000.

Note 10 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

The Ministry was named as defendant in 49 specific legal actions (2002 - 51 specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in 35 specific legal actions approximates $563 million (2002 - $583 million). For the other 14 claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. Forty-eight of these claims are covered by the Alberta Risk Management Fund. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Ministry made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2003 the unpaid balance of the Ministry's commitment to the financial assistance package was $17,942,000 (2002 - $17,942,000).

Equity Agreements with Voluntary Hospital Owners

The Ministry has a contingent liability for buy-out of equity under Equity Agreements entered into between the Ministry and Voluntary Hospital Owners. The Ministry's payout liability is contingent upon termination of the equity agreements and transfer of the hospital assets to the Province. At March 31, 2003, the contingent payout liability upon termination is estimated at $21 million (2002 - $28.3 million).

Notifications to terminate certain equity agreements have been received by the Ministry. In 2002-2003, the Ministry expensed $8.2 million (2002 - nil) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure, then transferred the hospital assets to Regional Health Authorities under lease agreements. The Regional Health Authorities will record the hospital assets at their net book value.

Other

At March 31, 2003, the Ministry was named as defendant in 22 other legal actions (2002 - 10 legal actions). Twenty-one of these claims have specified amounts totalling $35.8 million and one has no specified amount (2002 - nine claims with a specified amount of $19.2 million). The Ministry has been named jointly with other government entities in the claim with no specified amount. Fifteen claims (2002 - two claims) amounting to $21.3 million (2002 - $3.6 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 11 Payments under Reciprocal and Other Agreements

(amounts in thousands)

The Ministry entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Ministry pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Ministry also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infostructure at the national level. In addition, the Ministry entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

	2003					2002
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ -	$ 22,815	$ (20)	$ 1,944	$ 24,739	$ 17,725
Add: Payments made during the year	321	128,711	1	2,905	131,938	122,050
	321	151,526	(19)	4,849	156,677	139,775
Less: Collections received during the year	264	123,351	-	2,763	126,378	115,036
Closing receivable (payable) balance	$ 57	$ 28,175	$ (19)	$ 2,086	$ 30,299	$ 24,739

Note 12 Defined Benefits Plan
(amounts in thousands)

The Ministry participates in the multi-employer pension plans, Management Employees Pension Plan, and Public Service Pension Plan. The Ministry also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $3,838 for the year ended March 31, 2003 (2002 - $3,377).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968 (2001 – surplus $5,338) and the Public Service Pension Plan reported actuarial deficiency of $175,528 (2001 – actuarial surplus $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2001 – actuarial deficiency $399).

The Ministry also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 - $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2002 - $2,656). The expense for these two plans is limited to employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 14 Approval of Financial Statements

The consolidated financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Schedule 4)	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 107,487	$ 107,487	$ 84,065
	107,487	107,487	84,065
Transfers from the Government of Canada:			
Canada Health and Social Transfer	1,147,716	931,106	1,091,777
Primary Health Care / Medical Equipment	13,845	10,880	49,042
Other	10,016	8,169	2,629
	1,171,577	950,155	1,143,448
Premiums and Fees:			
Health care insurance:			
Premiums before premium assistance	850,327	1,032,117	793,604
Less:			
Premium assistance under legislation	-	(133,078)	(98,842)
	850,327	899,039	694,762
Add:			
Penalties	18,107	14,440	13,171
Interest and miscellaneous	566	396	378
Health care insurance premiums, penalties and interest	869,000	913,875	708,311
Non-Group Blue Cross Benefits:			
Premiums before premium assistance	20,000	23,528	22,556
Less:			
Premium assistance under legislation	-	(2,210)	(2,092)
Non-Group Blue Cross premiums	20,000	21,318	20,464
Total premiums	889,000	935,193	728,775
Other	2,063	1,557	1,569
	891,063	936,750	730,344
Other revenue:			
Third party recoveries	56,005	58,874	56,840
Miscellaneous:			
Previous years' refunds of expenditure	1,400	15,846	17,895
Other	1,570	3,714	3,009
	58,975	78,434	77,744
Total Revenue	$ 2,229,102	$ 2,072,826	$ 2,035,601

Schedule 2

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall)/ Excess
Health Care Insurance Premium Revenue[b]	$ 897,000	$ 913,875	$ 16,875
Non-Group Drug Benefits[c]	21,170	21,318	148
Primary Health Care Initiative[d]	13,845	10,880	(2,965)
Health Services for Persons with Hepatitis C[e]	8,500	1,779	(6,721)
Vaccine Administration and Education[f]	535	300	(235)
Statistical Information[g]	200	95	- (105)
Drug Product Rebates[h]	150	144	(6)
Third Party Liability Annual Direct Payment Study[i]	100	79	- (21)
Diabetes Surveillance[j]	60	60	-
Reporting Adverse Reactions to Blood Products[k]	50	50	-
	$ 941,610	$ 948,580	$ 6,970

[a] Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.

[b] Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Physician Services expense classification.

Schedule 2

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

(c) Albertans can access public or private supplemental health insurance coverage. The Ministry provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Blue Cross Benefit Program expense classification.

(d) Health Canada is providing funding to support primary care initiative that will be undertaken by the province. The funding of $54.7 million will be provided over the next four fiscal years and will be used in the areas of proposal development, Health Link implementation, capacity-building fund and administration. Expenses associated with this initiative are included in the Statement of Operations under the Other Programs expense classification.

(e) Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Other Programs expense classification.

(f) This is a two-year project where the pharmaceutical companies will provide the ministry with monetary "value added" benefits based on the amount of vaccine purchased. The value added benefit will be dependant on the number of doses purchased by the department. This funding will be used to support the administration , promotional and educational campaign of the department's immunization plan. Expenses associated with this initiative are included in the Statement of Operations under the Protection, Promotion and Prevention expense classification.

(g) The Ministry provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the ministry. The expenses associated with this initiative are included in the statement of Operations under the Ministry Support Services expense classification.

(h) For new drugs to be considered for inclusion on the Ministry's Drug List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. To ensure the new drug is used within the guidelines and expenditure forecast made by a pharmaceutical company, a Product Listing Agreement was negotiated. If the use of the drug exceeds the bounds of the Agreement, the drug manufacturer agrees to rebate a percentage of the cost overrun. This rebate is used to offset the cost of the ministry drug programs. Expenses associated with this initiative are included in the Statement of Operations under the Blue Cross Benefit Program expense classification.

(i) The Ministry is undertaking a study to determine the appropriate amount of the Annual Direct Payment charged to insurance companies for Third Party Liability motor vehicle accident claims in the province. The Insurance Bureau of Canada is providing the funding for this study and the revenue received will be used to offset the ministry's costs. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(j) Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The Ministry used this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(k) Health Canada is providing funding to assist provinces in reporting of adverse reactions to blood products. The Ministry used this funding to initiate a consultation process to determine the relevancy of the information, the format the information will be stored and the feasibility of obtaining information to adequately address adverse event reporting requirements. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

Schedule 3

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF
EXPENSE - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Schedule 4)	Actual	Actual
Program Expenses:			
Grants	$ 6,555,786	$ 6,589,922	$ 6,096,854
Supplies and Services	166,782	122,709	129,776
Salaries, Wages and Employee Benefits	70,226	75,573	64,698
Amortization of Capital Assets	2,994	2,007	1,414
Other	125	149	141
Total Expenses	$ 6,795,913	$ 6,790,360	$ 6,292,883

Schedule 4

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002-2003 Budget	Treasury Board Approval [(a)]	2002-2003 Authorized Budget
Revenues:			
Internal Government Transfers	$ 107,487	$ -	$ 107,487
Transfer from Government of Canada	1,171,577	110	1,171,687
Premiums and Fees	891,063	29,170	920,233
Other Revenue	58,975	685	59,660
	2,229,102	29,965	2,259,067
Expenses - Directly Incurred:			
Program			
Regional Health Authorities and Health Boards	3,834,716	-	3,834,716
Province-Wide Services	415,492	-	415,492
Physician Services	1,436,667	-	1,436,667
Blue Cross Benefit Program	362,611	29,320	391,931
Extended Health Benefits	-	-	-
Allied Health Services	63,553	-	63,553
Protection, Promotion, and Prevention	167,612	535	168,147
Human Tissue and Blood Services	120,016	-	120,016
Other Programs	186,897	-	186,897
Alberta Alcohol and Drug Abuse Commission	58,147	-	58,147
Response to Premier's Advisory Council on Health	25,000	-	25,000
Ministry Support Services	94,516	110	94,626
Systems Development	30,686	-	30,686
	6,795,913	29,965	6,825,878
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	4,438	45,801
Provision for Vacation Pay	-	-	-
	41,363	4,438	45,801
Total Expense	6,837,276	34,403	6,871,679
Net Operating Results	$ (4,608,174)	$ (4,438)	$ (4,612,612)
Capital Investment	$ 1,855	$ -	$ 1,855

(a) Treasury Board, pursuant to section 24 (2) of the *Financial Administration Act*, approved on January 20, 2003 increases in the operating expenses and capital investment votes under the Blue Cross Benefit Program, Protection, Promotion and Prevention and Ministry Support Services and Blue Cross Benefit Program and dedicated revenue for Health Care Insurance Premiums, Blue Cross Non-Group Premiums and other revenue from the Government of Canada and others.

Schedule 5

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Ministry.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded in the Consolidated Statements of Operations and Financial Position at the amount of consideration agreed upon between the related parties:

	2003	2002
Revenue - Internal Government Transfers	$ 107,487	$ 84,065
Expenses - Directly Incurred:		
Other Services	$ 25,412	$ 24,359
Capital Assets Transferred	$ -	$ 221
Payable to	(62)	(19)

The Ministry receives services under contracts managed by the Department of Government Services (ACSC). Any commitments under these contracts are reported by the Department of Government Services (ACSC).

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the consolidated financial statements and are disclosed in Schedule 6.

	2003	2002
Expenses - Incurred by Others:		
Accommodation	$ 10,435	$ 10,146
Other Services	1,262	1,352
	$ 11,697	$ 11,498

Schedule 6

MINISTRY OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003							2002
		Expenses - Incurred by Others			Valuation Adjustments			
Program	Expenses [a]	Accommodation Costs	Legal Services	Vacation Pay	Health Care Insurance Premiums Revenue Write-Offs	Other Write-Offs	Total	Total
Regional Health Authorities and Health Boards	$3,850,112	$ 91	$ -	$ -	$ -	$ -	$ 3,850,203	$ 3,436,818
Province-Wide Services	418,042	-	-	-	-	-	418,042	394,466
Physician Services	1,441,543	-	-	-	-	-	1,441,543	1,226,819
Blue Cross Benefit Program	413,066	-	-	-	-	-	413,066	363,667
Extended Health Benefits	-	-	-	-	-	-	-	23,505
Allied Health Services	62,456	-	-	-	-	-	62,456	62,509
Protection, Promotion, and Prevention	141,727	565	-		-	-	142,292	155,181
Human Tissue and Blood Services	115,605	-	-	-	-	-	115,605	104,000
Other Programs	147,382	97	-	-	-	-	147,479	129,146
Alberta Alcohol and Drug Abuse Commission	57,798	6,192	33	349	-	45	64,417	50,340
Response Premier's Advisory Council on Health	13,586	-	-	-	-	-	13,586	327
Ministry Support Services	105,536	3,243	1,183	286	-	-	110,248	94,716
Systems Development	23,507	247	46		-	-	23,800	14,337
One-time Financial Assistance to Health Authorities	-	-	-	-	-	-	-	197,637
Supplemental Capital Equipment	-	-	-	-	-	-	-	48,996
Health Care Insurance Premiums Revenue Write-Offs [b]	-	-	-	-	50,218	-	50,218	32,328
	$6,790,360	$ 10,435	$ 1,262	$ 635	$ 50,218	$ 45	$ 6,852,955	$ 6,334,792

[a] Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

[b] Health Care Insurance Premiums Revenue Write-Offs relate to Premiums and Fees revenue. They cannot be reasonably allocated to other expenses of the Ministry.

Department of Health and Wellness

Financial Statements

March 31, 2003

DEPARTMENT OF HEALTH AND WELLNESS

FINANCIAL STATEMENTS

MARCH 31, 2003

Auditor's Report

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AUDITOR'S REPORT

AUDITOR GENERAL *Alberta*

To the Minister of Health and Wellness

I have audited the statement of financial position of the Department of Health and Wellness as at March 31, 2003 and the statements of operations and changes in financial position for the year then ended. These financial statements are the responsibility of the management of the Department. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Department of Health and Wellness is required to follow the corporate government accounting policies and reporting practices established by Alberta Finance, including the following policies that are exceptions from Canadian generally accepted accounting principles:

Related Party Transactions

As the corporate government accounting policies stipulate that related parties include only those organizations that are part of the government reporting entity, transactions with the regional health authorities and Provincial health boards are not disclosed in these financial statements as transactions with related parties. Under Canadian generally accepted accounting principles, the regional health authorities and Provincial health boards are related parties of the Department of Health and Wellness. Since their net assets, revenues and expenses have not been included in these financial statements, a description of the nature and extent of the Department's transactions with them should have been included in Schedule 7, Related Party Transactions. Also, Schedule 7 should disclose the expense for funding provided to regional health authorities and Provincial health boards amounting to approximately $4,478 million and accrued liabilities of approximately $49 million.

Capital Assets

The Department employs a policy of expensing capital asset purchases under $15,000 in the year of acquisition. Consequently, a significant amount of resources available to the Department for future use has been recorded as if it had been consumed. It is estimated that at March 31, 2003, assets are understated and net liabilities are overstated by approximately $38 million, representing the unconsumed cost of capital assets at that date.

If capital asset purchases expensed on acquisition in the current year and previous years had instead been capitalized, amortization on these assets would have been included as expenses of the current year. As the value of capital asset purchases that were expensed in the current year is greater than the amount that would have been recorded as amortization expense, expenses are overstated for the year ended March 31, 2003 by approximately $2 million.

In my opinion, except for the effects of the matters discussed in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Department as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 23, 2003

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 107,487	$ 107,487	$ 84,065
Transfer from the Government of Canada	1,171,577	950,155	1,143,448
Premiums and Fees	889,163	935,238	728,850
Other Revenue	58,550	76,755	76,908
	2,226,777	2,069,635	2,033,271
Expenses - Directly Incurred (Note 2b (iv) and Schedule 8)			
Voted (Schedules 3 and 5)			
Ministry Support Services	110,020	118,683	108,624
Health Services	6,627,746	6,614,379	6,140,514
Assistance to Alberta Alcohol and Drug Abuse Commission	55,822	55,822	43,949
	6,793,588	6,788,884	6,293,087
Statutory (Schedule 5)			
Valuation Adjustments			
Health Care Insurance Premium Revenue Write-Offs	41,363	50,218	32,328
Provision for Vacation Pay	-	286	(2,462)
	41,363	50,504	29,866
	6,834,951	6,839,388	6,322,953
Loss on Disposal of Capital Assets	-	-	2,129
Net Operating Results	$ (4,608,174)	$ (4,769,753)	$ (4,291,811)

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Cash	$ 13,483	$ 2,587
Accounts Receivable (Note 4)	146,551	135,025
Loans and Advances	144	-
Capital Assets (Note 5)	50,448	35,849
Consumable Inventory (Note 3)	5,120	-
	$ 215,746	$ 173,461
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 6)	$ 403,993	$ 365,326
Unearned Revenue (Note 7)	90,999	133,253
	494,992	498,579
NET LIABILITIES		
Net Liabilities at Beginning of Year	(325,118)	(330,770)
Net Operating Results	(4,769,753)	(4,291,811)
Net Transfer from General Revenues	4,815,625	4,297,463
Net Liabilities at End of Year	(279,246)	(325,118)
	$ 215,746	$ 173,461

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003	2002
Operating Transactions		
Net Operating Results	$ (4,769,753)	$ (4,291,811)
Non-cash items:		
Amortization	1,924	1,369
Loss on Disposal of Capital Assets	-	2,129
Health Care Insurance Premium Revenue Write-Offs	50,218	32,328
Provision for Vacation Pay	286	(2,462)
	(4,717,325)	(4,258,447)
Decrease (Increase) in Accounts Receivable	(61,744)	10,446
Decrease (Increase) in Loans and Advances	(144)	6
(Increase) in consumable inventory	(5,120)	-
Increase in Accounts Payable and Accrued Liabilities	38,381	106,126
(Decrease) in Unearned Revenue	(42,254)	(134,665)
Cash (Used) by Operating Transactions	(4,788,206)	(4,276,534)
Investing Transactions		
Purchases of Capital Assets (Schedule 5)	(16,523)	(21,924)
Net Transfer of Capital Assets	-	221
Cash (Used) by Investing Transactions	(16,523)	(21,703)
Financing Transactions		
Net Transfer from General Revenues	4,815,625	4,297,463
Net Cash (Used) Provided	10,896	(774)
Cash, Beginning of Year	2,587	3,361
Cash, End of Year	$ 13,483	$ 2,587

The accompanying notes and schedules are part of these financial statements

DEPARTMENT OF HEALTH AND WELLNESS
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 Authority and Purpose

The Department of Health and Wellness (the "Department") operates under the authority of the *Government Organization Act*, Statutes of Alberta.

The purpose of the Department is to maintain and improve the health of Albertans by leading and working collaboratively with citizens and stakeholders. The Department leads and supports a system for the delivery of quality health services and encourages and supports healthy living.

Through a leadership role, the Department sets direction, policy and provincial standards that ensure quality services and set priorities based on health needs, determine the scope of financial, capital and human resources required, and measure and report on the performance of the system. The Department is also engaged in inter-ministerial initiatives to effectively address challenges to the health and well being of the population.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments. The recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. Recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants, other authoritative pronouncements, accounting literature, and published financial statements relating to either the public sector or analogous situations in the private sector are used to supplement the recommendations of the Public Sector Accounting Board where it is considered appropriate.

(a) Reporting Entity

The reporting entity is the Department of Health and Wellness, which is part of the Ministry of Health and Wellness and for which the Minister of Health and Wellness is accountable.

Other entities reporting to the Minister are the Regional Health Authorities, the Alberta Cancer Board, Alberta Mental Health Board, and the Alberta Alcohol and Drug Abuse Commission. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer from General Revenues is the difference between all cash receipts and all cash disbursements made.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting

(i) Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

(ii) Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

(iii) Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues must be shown as credits or recoveries in the details of the Government Estimates for a supply vote.

If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses of the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

(iv) Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the Government's budget documents.

Directly incurred expenses include:

- amortization of capital assets.
- pension costs which comprise the cost of employer contributions for current service of employees during the year.
- valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 8.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

(v) Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals as well as consumable inventories and bank balance established under the Health Care Insurance Plan.

Assets acquired by right are not included. Capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. Amortization is only charged if the asset is in use. The threshold for capitalizing new systems development is $100,000 and the threshold for all other capital assets is $15,000. All land is capitalized.

Consumable inventory is valued at the lower of cost and replacement cost and is determined on a first-in, first-out basis.

(vi) Liabilities

Liabilities represent all financial claims payable by the Department at fiscal year end.

(vii) Net Liabilities

Net liabilities represents the difference between the value of assets held by the Department and its liabilities.

(viii) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, loans and advances, accounts payable and accrued liabilities are estimated to approximate their book values.

(ix) Payments under Reciprocal and Other Agreements

The Department entered into agreements with other Provincial Governments, the Federal Government and the Workers' Compensation Board to provide services on their behalf.

Expenses incurred and revenue earned in the provision of services under these agreements are recorded in the records of the service providers and are not included in these financial statements. Amounts paid and recovered under these agreements are disclosed in Note 10.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) **Basis of Financial Reporting (continued)**

(x) Measurement Uncertainty
(amounts in thousands)

Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

The allowance for doubtful accounts, in the amount of $110,993 as reported in Note 4 to these financial statements, is based on an aging analysis of the accounts receivable balance at March 31, 2003 and past collection patterns. The actual amount collected could vary from that estimated.

Note 3 Change in Accounting Policy

Effective March 31, 2003, the Department changed its accounting policy for expensing consumable inventory (vaccines) from acquisition to consumption basis. This change in accounting policy has been applied on a prospective basis and is in anticipation of change in accounting policy for budgeting purposes for fiscal year 2003-04. This change in accounting policy resulted in the recording of inventory of $5.1 million and reduction of the expenses by $5.1 million for the year ended March 31, 2003.

Had this change in accounting policy been applied retroactively, with restatement of the comparative amounts, the impact on inventory and operating expenses would be as follows:

		2003	2002
		(thousands of dollars)	
Inventory increase	[a]	$ -	$ 7,864
Operating expenses increase / (decrease)		$ 2,744	$ (5,120)

[a] No change from prospective treatment of the change in accounting policy. ($5.1 million recorded on Statement of Financial Position).

Note 4 Accounts Receivable
(amounts in thousands)

	2003			2002
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Accounts Receivable	$ 255,459	$ 110,993	$ 144,466	$ 132,267
Refunds Receivable	2,085	-	$ 2,085	2,758
	$ 257,544	$ 110,993	$ 146,551	$ 135,025

Accounts receivable are unsecured.

Note 5 Capital Assets
(amounts in thousands)

	2003				2002
	Estimated Useful Life	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Systems Development					
Work-in-progress					
Wellnet Projects		$ 39,165	-	$ 39,165	$ 26,608
Others		4,927	-	4,927	2,270
		44,092	-	44,092	28,878
Computer Hardware and Software	3-10 years	16,841	10,532	6,309	6,955
Equipment	10 years	78	31	47	16
		16,919	10,563	6,356	6,971
		$ 61,011	$ 10,563	$ 50,448	$ 35,849

Note 6 Accounts Payable and Accrued Liabilities
(amounts in thousands)

	2003	2002
Accounts payable	$ 201,259	$ 134,618
Accrued liabilities	198,279	226,539
Accrued vacation pay	4,455	4,169
	$ 403,993	$ 365,326

Note 7 Unearned Revenue
(amounts in thousands)

	2003	2002
Changes in unearned revenues are as follows:		
Restricted Cash received during the year:		
Health Care Insurance Premiums	$ 29,742	$ 23,144
Health Services for Persons with Hepatitis C	921	10,700
Third party recoveries	3	75
Federal/Provincial/Territorial Meetings	-	134
	30,666	34,053
Less amounts recognized as revenue in the year	(72,920)	(168,718)
(Decrease) during the year	(42,254)	(134,665)
Balance at beginning of year	133,253	267,918
Balance at end of year	$ 90,999	$ 133,253
Balances at end of year are comprised of:		
Health Canada - Canada Health and Social Transfer	$ 49,774	$ 99,410
Health Care Insurance Premiums	29,742	23,144
Health Services for Persons with Hepatitis C	11,480	10,559
Third party recoveries	3	75
Federal/Provincial/Territorial Meetings	-	65
	$ 90,999	$ 133,253

Note 8 Commitments
(amounts in thousands)

As at March 31, 2003, the Department has the following commitments:

	2003	2002
Specific programs commitments [a]	$ 526,917	$ 1,609,060
Service contracts	37,679	48,312
Equipment leases	-	2,342
	$ 564,596	$ 1,659,714

(a) The 2003 specific program commitments does not include the provision of medical services by physicians as the agreement with the Alberta Medical Association was not in place at March 31, 2003. The Ministry is currently in the process of negotiating an agreement with the Alberta Medical Association for the provision of the medical services by physicians.

Note 8 Commitments (continued)
(amounts in thousands)

Canadian Blood Services

The Province of Alberta is committed to provide funding to the Canadian Blood Services (CBS). This commitment was outlined in a Memorandum of Understanding, signed in January 1998, which recorded the understandings and commitments of the Minister of Health of Canada and the Provincial and Territorial Ministers of Health (except Quebec) regarding their respective roles and responsibilities in a renewed national blood system.

The Province's obligation for the operational costs of CBS is determined on a per capita basis, and the costs for fractionated blood and blood products is determined on the basis of annual utilization of these products.

During the year, payments to CBS amounted to $115,536 (2002 - $104,000). Budgeted expenditure for the 2004 fiscal year is estimated at $130,000.

Note 9 Contingencies and Equity Agreements with Voluntary Hospital Owners

Hepatitis C

The Department was named as defendant in 49 specific legal actions (2002 - 51 specific legal actions) relating to the Hepatitis C virus affected through the Canadian blood system. The total claimed in 35 specific legal actions approximates $563 million (2002 - $583 million). For the other 14 claims, no specified amount has yet been claimed; the amount of these claims will be determined at trial. Forty-eight of these claims are covered by the Alberta Risk Management Fund. Potential liability for these claims is shared by the Canadian Red Cross Society and the federal government. The resulting loss, if any, from these claims cannot be determined.

Federal, provincial and territorial governments have agreed to offer financial assistance to Canadians who were affected by the Hepatitis C virus through the Canadian blood system during the period from January 1, 1986 to July 1, 1990. The financial package of $1.1 billion is national in scope. Alberta's share of the financial assistance package is estimated at $30 million. The details of assistance will be determined through a negotiation process submitted to the courts for approval. The Department made a provision in 1999-2000 for its portion of the Hepatitis C assistance. At March 31, 2003, the unpaid balance of the Department's commitment to the financial assistance package was $17,942,000 (2002 - $17,942,000).

Equity Agreements with Voluntary Hospital Owners

The Department has a contingent liability for buy-out of equity under Equity Agreements entered into between the Department and Voluntary Hospital Owners. The Department's payout liability is contingent upon termination of the equity agreements and transfer of the hospital assets to the Province. At March 31, 2003, the contingent payout liability upon termination is estimated at $21 million (2002 - $28.3 million).

Note 9 Contingencies and Equity Agreements with Voluntary Hospital Owners (continued)

Equity Agreements with Voluntary Hospital Owners (continued)

Notifications to terminate certain equity agreements have been received by the Department. In 2002-2003, the Department expensed $8.2 million (2002 - nil) representing the equity of the Voluntary Hospital Owners. In turn, the Voluntary Hospital Owners transferred hospital assets to the Crown, as represented by the Minister of Health and Wellness. The Crown, as represented by the Minister of Infrastructure, then transferred the hospital assets to Regional Health Authorities under lease agreements. The Regional Health Authorities will record the hospital assets at their net book value.

Other

At March 31, 2003, the Department was named as defendant in 22 other legal actions (2002 - 10 legal actions). Twenty-one of these claims have specified amounts totalling $35.8 million and one has no specified amount (2002 - nine claims with a specified amount of $19.2 million). The Department has been named jointly with other government entities in the claim with no specified amount. Fifteen claims (2002 - two claims) amounting to $21.3 million (2002 - $3.6 million) are covered by the Alberta Risk Management Fund. The resulting loss, if any, from these claims cannot be determined.

Note 10 Payments under Reciprocal and Other Agreements
(amounts in thousands)

The Department entered into agreements, under the Alberta Health Care Insurance Plan, with other Provincial Governments and the Workers' Compensation Board to provide health services on their behalf. The Department pays service providers for services rendered under the agreements and recovers the amount paid from other provinces and the Workers' Compensation Board. Service providers include Regional Health Authorities, Provincial Health Boards and physicians.

The Department also entered into agreements with the Western Provinces and Territories for the Western Health Information Collaborative (WHIC) to explore common opportunities that would meet their health information needs and support the strategic directions and initiatives for health infostructure at the national level. In addition, the Department entered into agreements with Health Canada, the Workers' Compensation Board and other provincial governments and territories to provide air ambulance services on their behalf. Payments incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25 (1).

Balances receivable from or payable to the Federal Government, other Provincial Governments and the Workers' Compensation Board are reflected in the Statement of Financial Position.

Note 10 Payments under Reciprocal and Other Agreements (continued)
(amounts in thousands)

	2003					2002
	Western Health Information Collaborative	Other Provincial Government	Workers' Compensation Board	Air Ambulance	Total	Total
Opening receivable (payable) balance	$ -	$ 22,815	$ (20)	$ 1,944	$ 24,739	$ 17,725
Add: Payments made during the year	321	128,711	1	2,905	131,938	122,050
	321	151,526	(19)	4,849	156,677	139,775
Less: Collections received during the year	264	123,351	-	2,763	126,378	115,036
Closing receivable (payable) balance	$ 57	$ 28,175	$ (19)	$ 2,086	$ 30,299	$ 24,739

Note 11 Defined Benefits Plan
(amounts in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,543 for the year ended March 31, 2003 (2002 - $2,279).

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968 (2001 - surplus $5,338) and the Public Service Pension Plan reported an actuarial deficiency of $175,528 (2001 - actuarial surplus $320,487). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472 (2001 - actuarial deficiency $399).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2003, the Bargaining Unit Plan reported an actuarial deficiency of $14,434 (2002 - $8,646) and the Management, Opted Out and Excluded Plan an actuarial deficiency of $3,053 (2002 - $2,656). The expense for these two plans is limited to employer's annual contributions for the year.

Note 12 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 13 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Internal Government Transfers:			
Transfer from the Lottery Fund	$ 107,487	$ 107,487	$ 84,065
	107,487	107,487	84,065
Transfers from the Government of Canada:			
Canada Health and Social Transfer	1,147,716	931,106	1,091,777
Primary Health Care/Medical Equipment	13,845	10,880	49,042
Other	10,016	8,169	2,629
	1,171,577	950,155	1,143,448
Fees:			
Health care insurance:			
Premiums before premium assistance	850,327	1,032,117	793,604
Less:			
Premium assistance under legislation	-	(133,078)	(98,842)
	850,327	899,039	694,762
Add:			
Penalties	18,107	14,440	13,171
Interest and miscellaneous	566	396	378
Health care insurance premiums, penalties and interest	869,000	913,875	708,311
Blue Cross:			
Premiums before premium assistance	20,000	23,528	22,556
Less premium assistance	-	(2,210)	(2,092)
Blue Cross premiums	20,000	21,318	20,464
Total premiums	889,000	935,193	728,775
Other	163	45	75
	889,163	935,238	728,850
Other revenue:			
Third party recoveries	56,005	58,874	56,840
Miscellaneous:			
Previous years' refunds of expenditure	1,400	15,846	17,895
Other	1,145	2,035	2,173
	58,550	76,755	76,908
Total revenue	$ 2,226,777	$ 2,069,635	$ 2,033,271

Schedule 2

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		
	Authorized Dedicated Revenues	Actual Dedicated Revenues[a]	(Shortfall) / Excess
Health Care Insurance Premiums[b]	$ 897,000	$ 913,875	$ 16,875
Non-Group Drug Benefits[c]	21,170	21,318	148
Primary Health Care Initiative[d]	13,845	10,880	(2,965)
Health Services for Persons with Hepatitis C[e]	8,500	1,779	(6,721)
Vaccine Administration and Education[f]	535	300	(235)
Statistical Information[g]	200	95	(105)
Drug Product Rebates[h]	150	144	(6)
Third Party Liability Annual Direct Payment Study[i]	100	79	(21)
Diabetes Surveillance[j]	60	60	-
Reporting Adverse Reactions to Blood Products[k]	50	50	-
	$ 941,610	$ 948,580	$ 6,970

(a) Revenues from dedicated revenue initiatives are included in the Ministry's revenues in the Statement of Operations.

(b) Albertans contributed to the cost of health programs through Health Care Insurance Premiums. The levels of premiums paid by an individual or family are based on their ability to pay as defined by income. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(c) Albertans can access public or private supplemental health insurance coverage. The Department provides Non-Group Blue Cross coverage on a premium basis for non-seniors. Seniors are provided coverage, but do not pay premiums. Expenses under the Non-Group Drug Benefits initiative represent the expenses incurred to provide Blue Cross services. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

Schedule 2

DEPARTMENT OF HEALTH & WELLNESS
SCHEDULE OF DEDICATED REVENUE INITIATIVES
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

(d) Health Canada is providing funding to support primary care initiatives that will be undertaken by the province. Total funding of $54.7 million will be provided over the next four fiscal years and will be used in the areas of proposal development, Health Link implementation, capacity-building fund, and administration. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(e) Health Canada is providing funding to provide health services to individuals who acquired the Hepatitis C (HCV) virus from blood and blood products prior to Jan. 1, 1986 and after July 1, 1990. The funding will be used to treat the HCV infection using antiviral drug therapies, immunization and nursing care. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(f) This is a two-year project where the pharmaceutical companies will provide the department with monetary "value added" benefits based on the amount of vaccine purchased. The value added benefit will be dependant on the number of doses purchased by the department. This funding will be used to support the administration, promotional and educational campaign of the department's immunization plan. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(g) The department provides statistical information and reports to third party researchers and institutions. The revenue received is used to offset the costs to the department. The expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(h) For new drugs to be considered for inclusion on the Department's Drug Benefit List, they must first receive approval from Health Canada for sale in Canada. Once approved, the drug is reviewed by the Alberta Health and Wellness Expert Committee on Drug Evaluation and Therapeutics. To ensure the new drug is used within the guidelines and expenditure forecasts made by a pharmaceutical company, a Product Listing Agreement may be negotiated. If the use of the drug exceeds the bounds of the Agreement, the drug manufacturer agrees to rebate a percentage of the cost overrun. This rebate is used to offset the cost of department drug programs. Expenses associated with this initiative are included in the Statement of Operations under the Health Services expense classification.

(i) The department is undertaking a study to determine the appropriate amount of the Annual Direct Payment charged to insurance companies for Third Party Liability motor vehicle accident claims in the province. The Insurance Bureau of Canada is providing the funding for this study and the revenue received will be used to offset the department's costs. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(j) Health Canada is providing funding to support the development of a National Diabetes Surveillance System. The department used this funding to enhance its capacity for public health surveillance in the area of diabetes and its complications. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

(k) Health Canada is providing funding to assist provinces in reporting of adverse reactions to blood products. The department used this funding to initiate a consultation process to determine the relevancy of the information, the format the information will be stored and the feasibility of obtaining information to adequately address adverse event reporting requirements. Expenses associated with this initiative are included in the Statement of Operations under the Ministry Support Services expense classification.

Schedule 3

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF EXPENSES - DIRECTLY INCURRED DETAILED BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Schedule 4)	Actual	Actual
Voted:			
Grants	$ 6,601,121	$ 6,635,442	$ 6,130,627
Supplies and Services	149,745	105,794	120,807
Salaries, Wages and Employee Benefits	39,720	45,593	40,163
Amortization of Capital Assets	2,892	1,924	1,369
Other	110	131	121
Total Voted Expenses	$ 6,793,588	$ 6,788,884	$ 6,293,087

Schedule 4

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF BUDGET
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2002 - 2003 Budget	Treasury Board Approval [a]	2002 - 2003 Authorized Budget
Revenues:			
Internal Government Transfers	$ 107,487	$ -	$ 107,487
Transfer from Government of Canada	1,171,577	110	1,171,687
Premiums and Fees	889,163	29,170	918,333
Other Revenue	58,550	685	59,235
	2,226,777	29,965	2,256,742
Expenses - Directly Incurred:			
Voted Expenses			
Ministry Support Services	110,020	110	110,130
Health Services	6,627,746	29,855	6,657,601
Alberta Alcohol and Drug Abuse Commission	55,822	-	55,822
	6,793,588	29,965	6,823,553
Statutory Expenses			
Valuation Adjustments			
Health Care Insurance Premiums Revenue Write-Offs	41,363	4,438	45,801
Provision for Vacation Pay	-	-	-
	41,363	4,438	45,801
Total Expense	6,834,951	34,403	6,869,354
Net Operating Results	$ (4,608,174)	$ (4,438)	$ (4,612,612)
Capital Investment	$ 1,725	$ -	$ 1,725

[a] Treasury Board, pursuant to section 24 (2) of the Financial Administration Act, approved on January 20, 2003 increases in the operating expenses and capital investment votes under the Ministry Support Services and Health Services programs and dedicated revenue for Health Care Insurance Premiums, Blue Cross Non-Group Premiums and Transfers from the Government of Canada and other revenue.

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS

SCHEDULE TO FINANCIAL STATEMENTS

Comparison of Expenses - Directly Incurred and Capital Investment by Element to Authorized Budget

For the Year ended March 31, 2003

(thousands of dollars)

Voted Expenses and Capital Investments:	Estimates 2003	Treasury Board Approval(a)	Authorized Budget 2003	Actuals 2003 (b)	Under / (over) Expended
Ministry Support Services					
1.0 Ministry Support Services					
1.0.1 Minister's Office	$ 487	$ -	$ 487	$ 374	$ 113
1.0.2 Deputy Minister's Office	395	-	395	380	15
1.0.3 Public Communications	1,330	-	1,330	1,515	(185)
1.0.4 Strategic Planning Services	5,197	-	5,197	4,798	399
1.0.5 Health Information and Accountability Services		-			
- Operating Expense	43,667	-	43,667	51,802	(8,135)
- Capital Investment	1,150	-	1,150	4,112	(2,962)
1.0.6 Alberta Wellnet Administration					
- Operating Expense	-	-	-	166	(166)
- Operating Expense funded by Lotteries	1,200	-	1,200	1,255	(55)
1.0.7 Population Health	8,235	110	8,345	9,943	(1,598)
1.0.8 Health Workforce	4,022	-	4,022	3,975	47
1.0.9 Finance and Corporate Support Services	22,467	-	22,467	24,199	(1,732)
1.0.10 Program Services					
- Operating Expense	16,749	-	16,749	16,763	(14)
- Capital Investment	-	-	-	35	(35)
1.0.11 Health Facilities Review Committee	560	-	560	534	26
1.0.12 Mental Health Patient Advocate's Office	319	-	319	165	154
1.0.13 Health Services Utilization and Outcomes Commission	1,000	-	1,000	749	251
1.0.14 Premier's Advisory Council on Health	250	-	250	34	216
1.0.15 Health Advisory and Appeal Services	4,047	-	4,047	1,943	2,104
1.0.16 Standing Policy Committee on Health and Community Living	95	-	95	88	7
Total Ministry Support Services	111,170	110	111,280	122,830	(11,550)
Health Services					
2.1 Practitioner Services					
2.1.1 Medical Services	1,336,300	-	1,336,300	1,328,807	7,493
2.1.2 Alternate Compensation Strategies	26,850	-	26,850	36,509	(9,659)
2.1.3 Allied Health Services	63,553	-	63,553	62,456	1,097
2.1.4 Extended Health Benefits	-	-	-	-	-
2.1.5 Rural Initiatives					
- Operating Expense funded by Lotteries	17,300	-	17,300	17,424	(124)
2.1.6 Medical Education Allowances	56,217	-	56,217	58,803	(2,586)
Total Practitioner Services	1,500,220	-	1,500,220	1,503,999	(3,779)
2.2 Provincial Programs					
2.2.1 Human Tissue and Blood Services	120,016	-	120,016	115,605	4,411
2.2.2 Equity Agreements	-	-	-	8,801	(8,801)
2.2.3 Blue Cross Benefit Program	362,611	29,320	391,931	413,066	(21,135)
2.2.4 Ambulance Services	40,183	-	40,183	38,077	2,106
2.2.5 Out-of-Province Health Care Costs	46,799	-	46,799	46,388	411
2.2.6 Federal Nursing Stations	1,212	-	1,212	766	446
2.2.7 Alberta Wellnet					
- Operating Expense	-	-	-	8,493	(8,493)
- Operating Expense funded by Lotteries	20,823	-	20,823	9,141	11,682
- Capital Investment funded by Lotteries	575	-	575	11,117	(10,542)
2.2.8 Health Services Research					
- Operating Expense	-	-	-	250	(250)
- Operating Expense funded by Lotteries	10,375	-	10,375	10,375	
2.2.9 Primary Health Care Initiative	13,845	-	13,845	10,880	2,965
2.2.10 Health Innovation Fund					
- Operating Expense funded by Lotteries	5,892	-	5,892	6,300	(408)
2.2.11 Community Funding	72,591	-	72,591	27,397	45,194
2.2.12 Response to Premier's Advisory Council on Health					
- Operating Expense	25,000	-	25,000	13,587	11,413
- Capital Investment	-	-	-	1,259	(1,259)
Total Provincial Programs	719,922	29,320	749,242	721,502	27,740

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred and Capital Investment by Element to Authorized Budget
For the Year ended March 31, 2003
(thousands of dollars)

Voted Expenses and Capital Investments:	Estimates 2003	Treasury Board Approval(a)	Authorized Budget 2003	Actuals 2003 (b)	Under / (over) Expended
2.3 Protection, Promotion, and Prevention					
2.3.1 Purchase of Vaccines and Sera	40,540	535	41,075	17,882	23,193
2.3.2 Public Health Laboratories	16,891	-	16,891	20,697	(3,806)
2.3.3 Alberta Aids to Daily Living Benefits	68,484	-	68,484	70,750	(2,266)
2.3.4 Alberta Wellness Initiative					
- Operating Expense	8,300	-	8,300	7,728	572
- Operating Expense funded by Lotteries	2,000	-	2,000	1,850	150
2.3.5 Aboriginal Health Strategies					
- Operating Expense funded by Lotteries	2,200	-	2,200	2,073	127
2.3.6 Community Support	19,556	-	19,556	12,120	7,436
Total Protection, Promotion and Prevention	157,971	535	158,506	133,100	25,406
2.4 Regional and Provincial Health Authorities					
Global Funding to Regional and Provincial Health Authorities					
2.4.1 Chinook Regional Health Authority	194,845	-	194,845	195,527	(682)
2.4.2 Palliser Health Authority	108,558	-	108,558	108,927	(369)
2.4.3 Headwaters Health Authority	59,356	-	59,356	59,586	(230)
2.4.4 Calgary Regional Health Authority	1,084,770	-	1,084,770	1,086,041	(1,271)
2.4.5 Regional Health Authority #5	52,225	-	52,225	52,406	(181)
2.4.6 David Thompson Regional Health Authority	208,257	-	208,257	208,895	(638)
2.4.7 East Central Regional Health Authority 7	128,902	-	128,902	129,074	(172)
2.4.8 Westview Regional Health Authority	56,104	-	56,104	56,140	(36)
2.4.9 Crossroads Regional Health Authority	43,997	-	43,997	44,079	(82)
2.4.10 Capital Health Authority	1,149,691	-	1,149,691	1,151,996	(2,305)
2.4.11 Aspen Regional Health Authority #11	68,401	-	68,401	68,443	(42)
2.4.12 Lakeland Regional Health Authority	105,801	-	105,801	107,813	(2,012)
2.4.13 Mistahia Regional Health Authority	99,773	-	99,773	100,323	(550)
2.4.14 Peace Regional Health Authority	28,627	-	28,627	28,718	(91)
2.4.15 Keewetinok Lakes Regional Health Authority #15	21,857	-	21,857	21,922	(65)
2.4.16 Northern Lights Regional Health Authority	33,776	-	33,776	33,895	(119)
2.4.17 Northwestern Regional Health Authority	16,709	-	16,709	16,760	(51)
2.4.18 Alberta Cancer Board	140,128	-	140,128	146,628	(6,500)
2.4.19 Alberta Mental Health Board	232,939	-	232,939	232,939	(-)
Total Global Funding to Regional and Provincial Health Authorities	3,834,716	-	3,834,716	3,850,112	(15,396)
2.5 Province-Wide Services					
2.5.1 Calgary Regional Health Authority	199,972	-	199,972	202,449	(2,477)
2.5.2 Capital Health Authority	213,816	-	213,816	215,593	(1,777)
2.5.3 Unallocated	1,704	-	1,704	-	1,704
Total Province-Wide Services	415,492	-	415,492	418,042	(2,550)
Total Health Services	6,628,321	29,855	6,658,176	6,626,755	31,421
3.0 Assistance to Alberta Alcohol and Drug Abuse Commission					
3.0.1 Assistance to Alberta Alcohol and Drug Abuse Commission					
- Operating Expense funded by Lotteries	47,122	-	47,122	47,122	-
3.0.2 Alberta Tobacco Reduction Strategy	8,700	-	8,700	8,700	-
Total Assistance to Alberta Alcohol and Drug Abuse Commission	55,822	-	55,822	55,822	-
Total Voted Expenses	$ 6,795,313	$ 29,965	$ 6,825,278	$ 6,805,407	$ 19,871

Schedule 5

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE TO FINANCIAL STATEMENTS
Comparison of Expenses - Directly Incurred and Capital Investment by Element to Authorized Budget
For the Year ended March 31, 2003
(thousands of dollars)

Voted Expenses and Capital Investments:	Estimates 2003	Treasury Board Approval(a)	Authorized Budget 2003	Actuals 2003 (b)	Under / (over) Expended
Voted Expenses:					
Program Operating Expense	6,686,676	29,965	6,716,641	6,693,344	23,297
Program Operating Expense funded by Lotteries	106,912	-	106,912	95,540	11,372
	6,793,588	29,965	6,823,553	6,788,884	34,669
Program Capital Investment	1,150	-	1,150	5,406	(4,256)
Program Capital Investment funded by Lotteries	575	-	575	11,117	(10,542)
	1,725	-	1,725	16,523	(14,798)
Total Voted Expenses	$ 6,795,313	$ 29,965	$ 6,825,278	$ 6,805,407	$ 19,871
Statutory Expenses					
Valuation Adjustments					
Health Care Insurance Premiums Revenue Write-Offs	$ 41,363	$ 4,438	$ 45,801	$ 50,218	$ (4,417)
Provision for Vacation Pay	-	-	-	286	(286)
	$ 41,363	$ 4,438	$ 45,801	$ 50,504	$ (4,703)

(a) Treasury Board, pursuant to section 24(2) of the Financial Administration Act, approved on January 20, 2003 increases in operating expense and capital investment votes under the Ministry Support Services and Health Services programs and dedicated revenue.

(b) Includes achievement bonus of $993.

Schedule 6

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED MARCH 31, 2003

	2003			2002
	Salary [1]	Benefits and Allowances [2]	Total	Total
Deputy Minister [3][4][12]	$ 188,938	$ 53,933	$ 242,871	$ 224,617
Assistant Deputy Ministers				
Health Accountability [10][12][13]	142,207	23,824	166,031	159,612
Population Health [5]	131,842	37,159	169,001	142,716
Health Workforce [6][11][12]	122,293	42,446	164,739	155,809
Program Services [7]	115,613	30,951	146,564	123,609
Strategic Planning [8]	128,566	40,461	169,027	154,903
Finance and Corporate Services [9]	141,131	38,460	179,591	159,171

Total salary and benefits relating to a position are disclosed.

[1] Salary includes regular base pay, bonuses, overtime and lump sum payments

[2] Benefits and allowances include governments's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, professional memberships and life-long learning.

[3] Automobile provided, no dollar amount is included in benefits and allowances.

[4] Benefits and allowances include vacation payments of $Nil (2002 - $2,782).

[5] Benefits and allowances include vacation payments of $4,524 (2002 - $1,218).

[6] Benefits and allowances include vacation payments of $14,059 (2002 - $ Nil).

[7] Benefits and allowances include vacation payments of $5,747 (2002 - $Nil).

[8] Benefits and allowances include vacation payments of $7,762 (2002 - $Nil).

[9] Benefits and allowances include vacation payments of $2,614 (2002 - $Nil).

[10] This position is occupied in an acting capacity from November 2002.

[11] This position is occupied in an acting capacity from October 2002.

[12] This position was occupied by two individuals through the year.

[13] The current incumbent does not participate in the government pension plan, his salary includes a compensating amount for pension.

Schedule 7

DEPARTMENT OF HEALTH AND WELLNESS
SCHEDULE OF RELATED PARTY TRANSACTIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the department. The Entity in the Ministry is the Alberta Alcohol and Drug Abuse Commission.

The Department and its employees paid or collected certain taxes and fees set by regulation for permits, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Department had the following transactions with related parties recorded on the Statements of Operations and Financial Position at the amounts of consideration agreed upon between the related parties.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues				
Grants	$ -	$ -	$ 107,487	$ 84,065
Expenses - Directly Incurred				
Grants	$ 56,322	$ 44,069	$ -	$ -
Other Services	-	-	25,057	24,166
	$ 56,322	$ 44,069	$ 25,057	$ 24,166
Capital Assets Transferred	$ -	$ -	$ -	$ 221
Receivable from	-	850	-	1

The Department receives services under contracts managed by the Department of Government Services (ACSC). Any commitments under these contracts are reported by the Department of Government Services (ACSC).

The Department also had the following transactions with related parties for which no consideration was exchanged. The amunts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements and are disclosed in Schedule 8.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Expenses - Directly Incurred				
Accommodation	$ -	$ -	$ 3,579	$ 3,612
Legal	-	-	1,229	1,325
	$ -	$ -	$ 4,808	$ 4,937

Schedule 8

DEPARTMENT OF HEALTH AND WELLNESS
CONSOLIDATED SCHEDULE OF ALLOCATED COSTS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003						2002
		Expenses - Incurred by Others		Valuation Adjustments			
	Expenses [a]	Accommodation Costs	Legal Services	Vacation Pay	Health Care Insurance Premium Revenue Write-Offs	Total	Total
Ministry Support Services	$ 118,683	$ 3,488	$ 1,183	$ 286	$ -	$ 123,640	$ 110,906
Health Services	6,614,379	91	46	-	-	6,614,516	6,140,707
Alberta Alcohol and Drug Abuse Commission	55,822	-	-	-	-	55,822	43,949
Health Care Insurance Premium Revenue Write-Offs [b]	-	-	-	-	50,218	50,218	32,328
	$ 6,788,884	$ 3,579	$ 1,229	$ 286	$ 50,218	$ 6,844,196	$ 6,327,890

(a) Expenses - Directly Incurred as per Statement of Operations, excluding valuation adjustments.

(b) Health Care Insurance Premium Revenue Write-Offs relate to Premiums and Fees revenue, these costs cannot be reasonably allocated to other programs of the department.

Alberta Alcohol and Drug Abuse Commission

Financial Statements

March 31, 2003

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2003

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Cash Flows

Notes to the Financial Statements

Schedule of Revenues

Schedule of Expenses by Object and Core Business

Schedule of Allocated Costs

AUDITOR GENERAL
Alberta

AUDITOR'S REPORT

To the Members of the Alberta Alcohol and Drug Abuse Commission

I have audited the statement of financial position of the Alberta Alcohol and Drug Abuse Commission as at March 31, 2003 and the statements of operations and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Since the Commission expenses capital assets costing less than $5,000 each, a significant amount of furniture and equipment available to the Commission is not reported in the statement of financial position as required by Canadian generally accepted accounting principles. As at March 31, 2003, assets are understated and accumulated surplus understated by an estimated $1,840,000 and expenses for the fiscal year then ended are overstated by approximately $483,000.

In my opinion, except for the effects of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 23, 2003

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2003

	2003	2002
ASSETS		
Current Assets:		
Cash (Note 3)	$ 9,725,713	$ 6,060,452
Accounts Receivable	263,060	288,357
Inventory	515,423	169,543
	10,504,196	6,518,352
Capital Assets (Note 4)	279,315	200,198
	$ 10,783,511	$ 6,718,550
LIABILITIES AND ACCUMULATED SURPLUS		
Current Liabilities:		
Accounts Payable	$ 5,425,534	$ 3,065,827
Accrued Vacation Pay	3,104,000	2,755,000
Deferred Contributions (Note 6)	282,952	243,836
Unearned Revenue	30,664	33,086
	8,843,150	6,097,749
Accumulated surplus (deficit):		
At beginning of year	620,801	(1,369,709)
Net operating results	1,319,560	1,990,510
At end of year	1,940,361	620,801
	$ 10,783,511	$ 6,718,550

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2003

	2003 Budget (Note 8)	2003 Actual	2002 Actual
Revenues (Schedule 1):			
Internal government transfers:			
Department of Health and Wellness	$ 55,822,000	$ 56,322,000	$ 44,069,000
Other revenues:			
Fees	1,900,000	1,511,019	1,493,957
Other	425,000	1,678,742	837,273
	58,147,000	59,511,761	46,400,230
Expenses – Directly Incurred: (Schedule 2 and 3, Note 2 (b))			
Programs:			
Community services	29,269,000	27,979,643	19,085,661
Residential treatment services	12,060,000	11,884,250	10,687,549
Detoxification services	7,331,000	7,724,907	6,926,833
Research, information and monitoring	7,314,000	8,071,133	5,281,219
Administration	2,173,000	2,183,268	1,899,458
Accrued vacation pay adjustment	-	349,000	529,000
	58,147,000	58,192,201	44,409,720
Net operating results	$ -	$ 1,319,560	$ 1,990,510

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2003

	2003	2002
Operating Activities:		
Net operating results	$ 1,319,560	$ 1,990,510
Add non-cash charges:		
Amortization of capital assets	83,467	45,288
	1,403,027	2,035,798
Decrease in non-cash working capital	2,424,818	876,661
Cash provided by operating activities	3,827,845	2,912,459
Investing activities:		
Acquisition of capital assets	(162,584)	(160,723)
Net cash provided	3,665,261	2,751,736
Cash at beginning of year	6,060,452	3,308,716
Cash at end of year	$ 9,725,713	$ 6,060,452

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2003

Note 1 Authority and Purpose

The Alberta Alcohol and Drug Abuse Commission (Commission) is an agent of the Crown under the authority of the *Alcohol and Drug Abuse Act*, Chapter A-38, Revised Statutes of Alberta 2000. The Commission is dependent on grants from the Department of Health and Wellness for funding its programs and for meeting its obligations as they become due.

The Commission's purpose is to assist Albertans in achieving a life free from the abuse of alcohol, other drugs and gambling. The Commission does this by providing community-based information, prevention and treatment services.

The Commission is a Government of Alberta agency and is not subject to Canadian taxes.

Note 2 Significant Accounting Policies and Reporting Practices

(a) Revenue Recognition

Operating grants from the Department are recognized as revenue when they are receivable.

Unrestricted donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when it can reasonably be determined.

Externally restricted donations are deferred and are recognized as revenue in the period in which the related expenses are incurred.

(b) Expenses

Directly Incurred

Directly incurred expenses are those costs the Commission has primary responsibility and accountability for, as reflected in the government's budget documents.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Directly incurred expenses are included on Schedules 2 and 3, as well as the Statement of Operations

Incurred by Others
Services contributed by other entities in support of the Commission's operations are disclosed in Schedule 3.

(c) Inventory

Inventory is valued at the lower of cost and replacement cost with cost being determined principally on a first-in, first-out basis.

(d) Capital Assets

Capital assets are recorded at historical cost net of accumulated amortization. The threshold for capitalizing assets is $5,000. Amortization is provided over the estimated useful lives of the assets as follows:

Furniture and equipment-	10 years straight-line
Computer equipment and software-	3 years straight-line

(e) Pensions

The Commission participates in multiemployer pension plans with related government entities. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year and additional employer contributions for service relating to prior years.

(f) Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of accounts receivable, accounts payable, accrued liabilities, and unearned revenues are estimated to approximate their book values. Subsequent actual amounts, which may vary from estimates, will impact future financial results.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Financial Instruments

The Commission's financial instruments consist of cash, accounts receivable, accounts payable, and amounts due to related parties. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risks arising from these financial instruments.

(h) Grants

For the years ended March 31, 2003 and 2002, direct financial assistance was given to 25 not-for-profit organizations operating at arms-length from the Commission.

Note 3 Cash

Cash consists of deposits in the Consolidated Cash Investment Trust Fund (Fund) of the Province of Alberta. The Fund is being managed with the objective of providing competitive interest income to depositors while maintaining maximum security and liquidity of depositors' capital. The portfolio is comprised of high-quality short-term and mid-term fixed income securities with a maximum term to maturity of five years.

Interest is earned on the Commission's daily cash balance at the average rate of the Fund's earnings, which vary depending on prevailing market interest rates. In the current fiscal year, the Commission received Treasury Board permission to retain interest earned on its General Operating Account in addition to its other bank accounts. Interest income of $413,291 was earned during the year on this account and is reflected in the financial statements. In previous years, the interest had been credited directly to the Ministry of Finance and was not included in these financial statements (2002 $381,962) (Note 9).

Due to the short-term nature of these deposits, the carrying value approximates fair value.

Note 4 Capital Assets

Capital assets consist of the following:

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	$ 420,843	$ 244,725	$176,118	$ 116,119
Furniture and equipment	188,128	84,931	103,197	84,079
	$ 608,971	$ 329,656	$ 279,315	$ 200,198

Note 5 Commitments

(a) The Commission leases certain vehicles and equipment under operating leases that expire on various dates through to 2007. The aggregate amounts payable for the unexpired terms of these leases are as follows:

2003	$ 143,292
2004	$ 109,741
2005	$ 57,046
2006	$ 20,977

(b) The Commission has certain contractual obligations for contracts, which extend into 2004, 2005 and 2006. The value of the contractual obligation is $2,605,907 in 2004, $417,945 in 2005, and $20,600 in 2006.

Note 6 Deferred Contributions

Deferred contributions consist of unexpended funds from donations to the Memorial Trust. These are externally restricted contributions to be used to supplement the work of the Commission in the areas of research and education and to acquire capital assets. Changes in deferred contributions are as follows:

	2003	2002
Donation	$ 36,148	$ 18,116
Interest Earned	7,718	9,075
Transferred to Revenue	(4,750)	(10,800)
Increase during the year	39,116	16,391
Balance at beginning of year	243,836	227,445
Balance at end of year	$282,952	$243,836

Note 7 Pension Costs

The Commission participates in the multiemployer pensions plans, Management Employee Pension Plan, and Public Service Pension Plan. The Commission also participates in the multiemployer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $1,303,856 for the year ended March 31, 2003 (2002 $1,098,026) and is reflected in Employer Contributions on Schedule 2.

At December 31, 2002, the Management Employees Pension Plan reported a deficiency of $301,968,000 (2001 – surplus $5,338,000) and the Public Service Pension Plan reported an actuarial deficiency of $175,528,000 (2001 – actuarial surplus $320,487,000). At December 31, 2002, the Supplementary Retirement Plan for Public Service Managers had an actuarial surplus of $6,472,000 (2001 - deficiency $399,000).

Note 8 Approvals

(a) Budget

The budget amounts shown on the statement of operations agree with the 2002/03 Government Estimates. The budget amounts shown on Schedules 1 and 2 provide additional revenue information and present expenses by object. The Members of the Commission approved these budgets on June 7, 2002.

(b) Financial Statements

These financial statements and accompanying notes were approved on June 12, 2003 by the Members of the Commission.

Note 9 Related Party Transactions

Related parties are those entities consolidated in the Province of Alberta's financial statements. Related parties also include management in the Commission.

For purposes of this schedule, the related parties are separated into "Entities in the Ministry" which includes only the Department of Health and Wellness, and "Other Entities".

The Commission and its employees paid and collected certain fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

Note 9 Related Party Transactions (continued)

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues:				
Grants	$56,322,000	$44,069,000	$ -	$ -
Expenses:				
Other Services	-	$ -	$ 355,256	$ 192,719
Receivable from	-	$ -	$ -	$ -
(Payable to)	$ -	$ (850,000)	$ (62,443)	$ (20,991)

The Commission also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related parties are estimated based on the costs incurred by the service provider to provide the services. These amounts are not recorded in the financial statements and are disclosed on Schedule 3.

	Entities in the Ministry		Other Entities	
	2003	2002	2003	2002
Revenues:				
Interest	$ -	$ -	$ -	$ 381,962
Expenses:				
Legal Fees	$ -	$ -	$ 33,277	$ 27,665
Accommodation	-	-	6,192,361	5,903,302
	$ -	$ -	$6,225,638	$5,930,967

Note 10 Federal/Provincial Cost Sharing Agreements

The Province of Alberta recovers part of its contributions to the Commission from the Government of Canada under the Alcohol and Drug Treatment and Rehabilitation (ADTR) agreement and records this recovery in the financial statements of the Department of Health and Wellness. The ADTR claim relating to the Commission's activities for the year ended March 31, 2003 amounts to approximately $1,340,000 (2002 $1,340,000).

Note 11 Salaries, Wages, Benefits and Allowances

	2003			2002
Current Executives	Salaries[a]	Benefits and Allowances[b]	Total	Total
Chairman of the Board	$ 15,256	$ -	$ 15,256	$ 15,768
Board Members[c]	34,558	-	34,558	35,539
Chief Executive Officer[d,e]	145,497	58,655	204,152	178,912
Executive Director, Program Services	130,450	39,227	169,677	148,196
Director, Community and Youth Services[f]	101,664	23,965	125,629	108,939
Director, Residential Services[f]	97,344	23,116	120,460	81,390
Director, Corporate Services[e,g]	91,068	26,990	118,058	103,539
Director, Human Resources & Learning[g]	94,473	19,641	114,114	100,655
Director, Provincial Initiatives[g]	91,068	20,405	111,473	104,277
Director, Research Services[g]	91,044	19,453	110,497	102,192
Director, Information Services[g]	85,785	17,094	102,879	84,429
Director, Northern Alberta Addiction Services[f]			n/a	47,236
Director, Southern Alberta Addiction Services[f]			n/a	24,284

(a) Salaries include regular pay, overtime, lump sum payments, honoraria and any other direct cash remuneration excluding any severance payments.

(b) Benefits and allowances include the Commission's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long-term disability plans, tuition fees, conference fees, professional memberships and vacation payouts.

(c) There were nine Board members in both years.

(d) An amount has not been included in benefits and allowances for the automobile provided to the Chief Executive Officer.

(e) The benefits and allowances amounts include vacation payouts of $19,825 (2002 $7,472).

(f) The Commission reorganized its service delivery structure from a geographic to type of service basis. The Northern and Southern Director positions were consolidated as Directors of Community and Youth Services, and Residential Services during 2002. All personnel changes were complete by September 2001.

(g) In April 2002, certain central support functions were reorganized, and Director titles changed.

Schedule 1

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF REVENUES

FOR THE YEAR ENDED MARCH 31, 2003

	2003		2002
	Budget	Actual	Actual
Internal government transfers:			
Department of Health and Wellness	$ 55,822,000	$ 56,322,000	$ 44,069,000
	55,822,000	56,322,000	44,069,000
Other revenues:			
Fees:			
Clients	1,740,000	1,427,064	1,361,391
Seminars	160,000	83,955	132,566
	1,900,000	1,511,019	1,493,957
Other:			
Donations	-	12,816	18,530
Publications	40,000	36,003	32,683
Miscellaneous - Contracted Services	-	994,774	497,855
- Interest Income (Note 3)	325,000	488,394	109,083
- Sundry & Misc. at Residential sites	60,000	123,497	140,248
- General	-	23,258	38,874
	425,000	1,678,742	837,273
Total revenues	$ 58,147,000	$ 59,511,761	$ 46,400,230

Schedule 2

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION
SCHEDULE OF EXPENSES BY OBJECT AND CORE BUSINESS
FOR THE YEAR ENDED MARCH 31, 2003

	2003		2002
EXPENSES BY OBJECT	**Budget**	**Actual**	**Actual**
Manpower:			
Salaries	$ 24,915,000	$ 22,950,927	$ 19,093,706
Employer Contributions	3,781,000	4,098,725	3,389,547
Wages	1,604,000	3,093,324	2,463,063
Allowances and benefits	206,000	185,876	117,857
	30,506,000	30,328,852	25,064,173
Grants:			
Direct financial assistance to agencies	10,585,000	10,801,867	10,296,286
Other:			
Profession, technical, and labor service	11,556,000	10,931,420	4,439,165
Materials and Supplies	3,250,000	2,768,178	2,109,669
Travel and relocation	899,000	1,122,391	925,260
Advertising	351,000	760,175	461,738
Telephones	303,000	325,919	308,861
Voluntary separation payments	-	32,959	133,111
Board members' fees	39,000	49,814	51,307
Amortization	102,000	83,467	45,288
Hosting	44,000	49,734	45,231
Bad debts	-	45,348	15,787
Other operating expenses	512,000	892,077	513,844
	17,056,000	17,061,482	9,049,261
	$58,147,000	$ 58,192,201	$ 44,409,720
EXPENSES BY CORE BUSINESS			
Core Business:			
Treatment	$36,228,000	$37,570,520	$30,633,448
Information	11,938,000	11,807,380	9,396,972
Prevention	9,981,000	8,814,301	4,379,300
	$58,147,000	$58,192,201	$44,409,720

Schedule 3

ALBERTA ALCOHOL AND DRUG ABUSE COMMISSION

SCHEDULE OF ALLOCATED COSTS

FOR THE YEAR ENDED MARCH 31, 2003

	2003					2002
	Expenses [a]	Accrued Vacation Pay Adjustment	Legal Services	Accommodation costs	Total Expenses	Total Expenses
Programs:						
Community services	$ 27,979,643	$ 205,006	$ -	$ 2,432,930	$ 30,617,579	$ 21,522,104
Residential treatment services	11,884,250	53,176		2,305,095	14,242,521	13,155,689
Detoxification services	7,724,907	28,315		1,196,989	8,950,211	8,068,120
Research information and monitoring	8,071,133	50,724		183,820	8,305,677	5,498,187
Administration	2,183,268	11,779	33,277	73,527	2,301,851	2,096,587
	$ 57,843,201	$ 349,000	$ 33,277	$ 6,192,361	$ 64,417,839	$ 50,340,687

[a] Expenses – Directly Incurred as per Statement of Operations excluding Accrued Vacation pay.

The following information is **Unaudited**

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF REMISSIONS, COMPROMISES AND WRITE-OFFS

FOR THE YEAR ENDED MARCH 31, 2003

(UNAUDITED)

(thousands of dollars)

	2003	2002
Write-offs:		
Health Care Insurance Premiums	$ 24,181	$ 29,474
Medical Claim Recoveries	1,926	842
Penalties, Interest and Miscellaneous Charges	853	745
Third Party Recoveries	5	6
Total Write-offs	$ 26,965	$ 31,067

The above statement has been prepared pursuant to Section 23 of the *Financial Administration Act*. The statement includes all remissions, compromises and write-offs made or approved during the fiscal year.

MINISTRY OF HEALTH AND WELLNESS

STATEMENT OF EXPENSES BY CORE BUSINESS

FOR THE YEAR ENDED MARCH 31, 2003

(UNAUDITED)

(thousands of dollars)

		2003		2002
	Core Business	Budget	Actual	Actual
1	Delivery of Quality Health Services	$ 6,626,112	$ 6,620,378	$ 6,146,407
2	Encourage and Support Healthy Living	211,164	220,880	179,016
		$ 6,837,276	$ 6,841,258	$ 6,325,423

Other Information
Health Authority Highlights

This section highlights the financial results of the 17 regional health authorities, the Alberta Mental Health Board and the Alberta Cancer Board (the "health authorities.")

This section was compiled from the health authorities' audited financial statements for the fiscal year ended March 31, 2003. The statements were prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and Alberta Health and Wellness' Financial Directive 20. This section is unaudited.

Operating Results

- For fiscal year 2002/2003, the health authorities in aggregate reported a $72 million operating deficit. This compares to a prior year deficit of $21 million. Of the 19 health authorities, eighteen reported a deficit.
- In 2002/2003, Alberta Health and Wellness provided 85 per cent of total health authority revenue, same as the prior year.
- Total 2002/2003 expense was $5.3 billion, compared to $4.9 billion in the prior year – a 9 per cent increase. The majority of the increase was in salary expense. A total of 46,922 Full Time Equivalents were employed by the health authorities in the year.
- In 2002/2003 three of the nineteen health regions had entered into contracts with surgical facilities under the *Health Care Protection Act*. Total expense under these contracts at March 31, 2003 was $9 million, compared to $8 million in the prior year.
- Total administration costs in 2002/2003 was $198 million (2002 $189 million) or 3.7 per cent of total health authority expenditures (3.9 per cent 2002.)

Financial Position

- The health authorities reported total net assets of $381 million at March 31, 2003, a decrease of $72 million from the prior year. Of the total, $93 million or 24 per cent was available to be spent on health service delivery or capital acquisitions.
- Total health authority long-term debt at March 31, 2003 was $28 million, up from $13 million at March 31, 2002.

Capital Assets

- In 2002/2003 the health authorities spent $379 million on capital assets. Of this amount, $136 million was spent on new equipment and $243 million on infrastructure.

- The average remaining useful life of health authorities' capital equipment at March 31, 2003 was 3.7 years, compared to 3.9 years in the prior year.

Additional Information

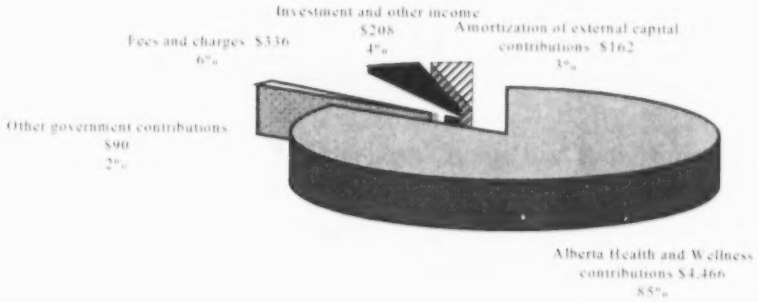
- Effective March 31, 2003, the boards of the seventeen regional health authorities were disestablished. The boundaries of the seventeen regions were restructured into nine. On April 1, 2003 new boards were appointed to the nine new regions.

- In response to a recommendation of the Premier's Advisory Council on Health, on April 1, 2003, mental health programs, services and facilities were transferred and integrated into Alberta's expanded health regions.

- Copies of the health authorities' audited financial statements are included in Section II of the Ministry Annual Report.

HEALTH AUTHORITIES
2002/2003 ACTUAL REVENUE
($ millions)

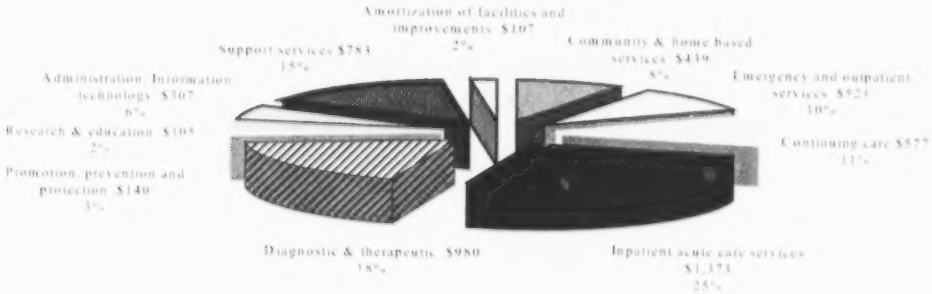
Chart I



TOTAL $5,262

HEALTH AUTHORITIES
2002/2003 ACTUAL EXPENSES
($ millions)

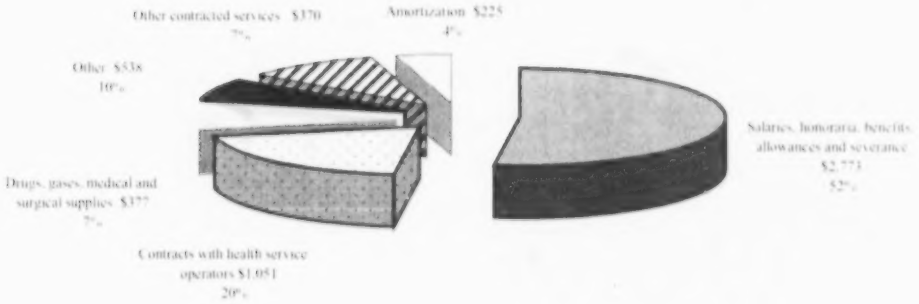
Chart II



TOTAL $5,334

HEALTH AUTHORITIES
2002/2003 ACTUAL EXPENSES BY OBJECT
($ millions)

Chart III



TOTAL $5,334

TABLE 1

HEALTH AUTHORITY SUMMARY
ANALYSIS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	2002/03 BUDGET	2002/03 ACTUAL	% OF TOTAL	CHANGES FROM 2001/02 $	CHANGES FROM 2001/02 %	2001/02 ACTUAL	% OF TOTAL
REVENUE							
Alberta Health and Wellness contributions	4,440,946	4,466,056	84.9%	296,117	7.1%	4,169,939	85.4%
Other government contributions	78,052	89,810	1.7%	13,946	18.4%	75,864	1.6%
Fees and charges	327,214	336,563	6.4%	35,957	12.0%	300,606	6.2%
Ancillary operations, net	19,010	13,378	0.3%	(1,203)	(8.3%)	14,581	0.3%
Donations	19,996	22,643	0.4%	10,397	84.9%	12,246	0.3%
Investment and other income	168,808	171,708	3.3%	9,765	6.0%	161,943	3.3%
Amortization of external capital contributions	147,343	162,105	3.0%	16,603	11.4%	145,502	3.0%
TOTAL REVENUE	5,201,369	5,262,263	100.0%	381,582	7.8%	4,880,681	100.0%
EXPENSE							
Facility-based inpatient acute care services	1,356,465	1,372,922	25.8%	128,130	10.3%	1,244,792	25.4%
Facility-based emergency and outpatient services	512,878	522,477	9.8%	50,483	10.7%	471,994	9.6%
Facility-based[1] continuing care services	572,921	577,043	10.8%	39,261	7.3%	537,782	11.0%
Community & home based services	439,955	439,205	8.2%	34,715	8.6%	404,490	8.3%
Diagnostic & therapeutic services	973,856	980,283	18.4%	82,623	9.2%	897,660	18.3%
Promotion, prevention and protection services	140,413	140,000	2.6%	12,874	10.1%	127,126	2.6%
Research & education	106,536	105,283	2.0%	701	0.7%	104,582	2.1%
Administration	202,583	197,860	3.7%	8,836	4.7%	189,024	3.9%
Information technology	116,128	108,923	2.0%	12,756	12.0%	111,179	2.3%
Support services	780,123	783,354	14.7%	53,801	7.4%	729,553	14.9%
Amortization of facilities and improvements	89,335	94,233	1.8%	11,685	14.2%	82,548	1.7%
Capital assets write down		5,366	0.2%	4,678	0.0%	688	0.0%
TOTAL EXPENSE before extraordinary item	5,291,193	5,326,949	100.0%	425,531	8.7%	4,901,418	100.0%
Extraordinary Item - Restructuring costs AMHB		6,882		6,882			
TOTAL EXPENSE	5,291,193	5,333,831		432,413	8.8%	4,901,418	
Excess (deficiency) of revenue over expense	(89,824)	(71,568)		(50,831)		(20,737)	

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	CHINOOK			PALLISER			HEADWATERS			CALGARY		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	201,381	201,632	194,970	112,479	112,479	106,617	61,330	61,097	59,151	1,332,566	1,347,674	1,249,597
Other government contributions	2,782	2,616	2,564	3,504	3,504	3,954	1,943	1,950	2,169	18,345	23,064	17,156
Fees and charges	13,700	14,201	13,540	11,832	12,262	10,607	7,750	7,661	7,315	101,969	105,231	94,714
Ancillary operations, net	291	325	349	171	337	251	140	146	127	10,717	6,750	9,264
Donations	156	346	266	300	520	185	210	197	375	12,949	14,048	5,688
Investment and other income	4,956	4,013	4,417	2,143	2,468	2,359	6,464	2,226	1,969	44,973	55,447	46,183
Amortization of external capital contributions	9,701	9,555	9,774	3,965	6,080	4,809	2,549	2,698	2,573	42,650	40,765	36,911
TOTAL REVENUE	233,167	232,688	225,880	134,394	137,650	128,777	80,386	76,875	73,377	1,564,169	1,592,979	1,459,513
EXPENSE												
Facility-based inpatient acute care services	60,615	61,371	57,268	34,817	35,383	32,259	14,864	12,965	12,364	454,747	467,147	414,937
Facility-based emergency and outpatient services	14,751	14,948	13,560	6,534	6,529	6,115	5,298	6,232	5,867	193,021	197,514	173,776
Facility-based continuing care services	32,310	32,561	31,512	17,593	16,837	17,935	11,462	11,857	11,719	179,884	180,242	168,880
Community & home-based services	18,742	17,703	14,829	14,043	12,601	10,183	5,799	5,277	5,531	102,393	104,311	93,772
Diagnostic & therapeutic services	43,038	42,260	39,470	24,016	24,312	22,266	12,888	12,828	12,169	312,556	316,012	289,224
Promotion, prevention and protection services	10,766	9,377	8,828	3,694	3,848	3,842	3,098	3,231	2,784	36,503	37,306	36,321
Research & education	-	-	-	-	-	-	-	-	-	18,050	18,833	18,477
Administration	10,872	10,390	10,302	6,295	5,718	5,273	5,328	5,550	4,877	59,881	54,285	50,733
Information technology	4,987	4,689	4,252	1,757	1,655	2,214	2,314	2,452	1,355	36,685	35,644	39,088
Support services	40,561	40,702	38,654	26,442	27,641	26,925	17,416	17,083	16,341	172,801	168,654	156,867
Amortization of facilities and improvements	6,980	6,899	7,345	3,203	4,206	3,171	1,919	1,941	1,924	22,084	20,650	17,715
Capital assets write down	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENSE before extraordinary item	243,622	240,850	226,020	138,394	138,730	130,183	80,386	79,416	74,329	1,588,605	1,600,598	1,459,740
Extraordinary Item - Restructuring costs AMHB												
TOTAL EXPENSE	243,622	240,850	226,020	138,394	138,730	130,183	80,386	79,416	74,329	1,588,605	1,600,598	1,459,740
Excess (deficiency) of revenue over expense	(10,455)	(8,162)	(140)	(4,000)	(1,080)	(1,406)	-	(2,541)	(952)	(24,436)	(7,619)	(227)

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	REGIONAL HEALTH AUTHORITY 5			DAVID THOMPSON			EAST CENTRAL			WESTVIEW		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	53,411	53,419	51,695	214,185	215,550	199,575	132,774	132,049	127,918	57,669	57,762	54,980
Other government contributions	300	1,136	338	3,182	3,919	3,387	4,787	3,662	3,177	1,578	1,441	2,321
Fees and charges	4,600	4,800	4,356	13,468	13,094	12,393	11,882	12,952	11,602	5,386	5,812	5,129
Ancillary operations, net	50	99	94	431	296	596	24	11	42	39	93	58
Donations	60	84	93	900	722	1,053		348	307	90	168	107
Investment and other income	900	1,005	1,123	4,627	4,012	5,915	1,744	1,252	2,015	450	605	576
Amortization of external capital contributions	2,813	2,685	2,051	7,259	6,932	6,702	3,988	4,367	3,857	2,200	2,300	2,877
TOTAL REVENUE	62,134	63,228	59,750	244,052	244,545	229,621	155,199	154,641	148,918	67,412	68,181	66,048
EXPENSE												
Facility-based inpatient acute care services	9,435	10,552	9,218	65,272	63,890	60,222	28,399	28,630	28,783	9,442	9,673	9,021
Facility-based emergency and outpatient services	2,387	2,273	2,022	15,937	15,848	14,041	5,066	5,759	5,406	5,125	5,226	4,869
Facility-based continuing care services	11,580	11,853	10,983	29,037	28,889	27,627	30,175	29,907	28,111	7,587	8,382	6,940
Community & home-based services	4,242	4,303	4,051	12,415	12,577	11,580	15,627	15,139	15,045	6,934	6,734	6,725
Diagnostic & therapeutic services	9,437	9,428	9,008	50,241	52,035	47,401	22,511	22,216	20,531	11,737	12,293	11,407
Promotion, prevention and protection services	2,972	3,142	2,819	9,228	8,663	7,913	4,920	4,969	4,585	5,519	5,433	5,037
Research & education	-	-	-	-	-	-	56	55	56	-	-	-
Administration	3,587	4,394	3,205	10,926	10,655	10,422	10,230	10,153	9,704	4,752	6,149	4,587
Information technology	1,157	1,063	1,112	4,417	3,468	3,136	2,112	2,309	2,002	1,039	793	1,139
Support services	15,101	16,073	14,692	48,402	49,263	45,596	36,731	36,340	33,225	18,060	17,453	17,474
Amortization of facilities and improvements	2,236	2,196	1,458	4,731	4,737	4,660	3,243	3,276	3,069	1,388	1,428	1,399
Capital assets write down	-	583	-	-	-	-	-	-	-	-	264	688
TOTAL EXPENSE before extraordinary item	62,134	65,860	58,568	250,606	250,025	232,598	159,070	158,753	150,517	71,583	73,828	69,286
Extraordinary Item - Restructuring costs AMHB												
TOTAL EXPENSE	62,134	65,860	58,568	250,606	250,025	232,598	159,070	158,753	150,517	71,583	73,828	69,286
Excess (deficiency) of revenue over expense	-	(2,632)	1,182	(6,554)	(5,480)	(2,977)	(3,871)	(4,112)	(1,599)	(4,171)	(5,647)	(3,238)

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	CROSSROADS			CAPITAL HEALTH			ASPEN			LAKELAND		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	44,843	45,042	43,767	1,450,604	1,454,096	1,355,754	71,410	71,410	65,801	111,749	111,323	107,193
Other government contributions	1,000	2,754	670	20,471	21,703	20,187	1,651	2,946	1,639	2,960	3,395	3,071
Fees and charges	3,001	2,797	2,605	114,725	115,762	101,210	6,449	6,812	6,170	11,510	11,653	10,782
Ancillary operations, net	-	19	(13)	4,671	4,853	3,441	102	20	58	-	4	8
Donations	50	144	63	-	-	-	200	325	321	550	268	252
Investment and other income	1,096	1,820	1,259	65,049	65,982	61,212	2,176	2,188	2,624	2,947	3,037	2,912
Amortization of external capital contributions	2,419	2,557	2,621	38,390	46,107	42,767	2,587	3,053	2,750	4,150	5,320	3,763
TOTAL REVENUE	52,409	55,133	50,972	1,693,910	1,708,503	1,584,571	84,575	86,454	79,363	133,866	135,000	127,981
EXPENSE												
Facility-based inpatient acute care services	10,302	10,484	9,966	501,636	505,851	453,794	12,308	12,423	11,141	21,804	22,062	20,844
Facility-based emergency and outpatient services	4,058	3,943	3,721	167,033	171,062	157,874	5,755	5,444	5,240	8,786	9,044	8,405
Facility-based continuing care services	6,260	8,304	5,601	172,431	171,805	157,173	13,748	13,793	13,067	23,258	23,327	21,593
Community & home-based services	2,500	2,331	2,333	107,385	108,210	99,064	8,886	8,700	8,503	11,888	12,106	10,934
Diagnostic & therapeutic services	9,391	9,607	8,789	328,311	327,600	296,984	13,592	13,713	12,568	24,205	24,653	23,077
Promotion, prevention and protection services	2,924	3,198	2,589	24,016	24,554	18,432	4,586	4,475	3,790	6,955	6,856	6,841
Research & education	-	-	-	65,518	64,355	65,781	-	-	-	-	-	-
Administration	3,115	3,296	3,044	41,754	41,797	40,195	4,108	3,943	4,217	5,988	6,188	6,017
Information technology	1,599	1,454	1,666	39,592	35,183	38,293	837	829	937	2,138	1,414	1,424
Support services	11,772	12,026	10,731	240,119	237,386	223,675	19,608	21,076	18,819	31,049	31,768	29,773
Amortization of facilities and improvements	1,948	1,943	1,930	22,115	26,218	21,425	1,835	2,026	1,945	3,252	3,688	2,855
Capital assets write down	-	-	-	-	-	-	-	-	-	-	2,031	-
TOTAL EXPENSE before extraordinary item	53,869	56,586	50,370	1,709,910	1,714,021	1,572,690	85,263	86,512	80,227	139,323	143,137	131,763
Extraordinary Item - Restructuring costs AMHB												
TOTAL EXPENSE	53,869	56,586	50,370	1,709,910	1,714,021	1,572,690	85,263	86,512	80,227	139,323	143,137	131,763
Excess (deficiency) of revenue over expense	(1,460)	(1,453)	602	(16,000)	(5,518)	11,881	(688)	(58)	(864)	(5,457)	(8,137)	(3,782)

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	MISTAHIA			PEACE			KEEWEETINOK LAKES			NORTHERN LIGHTS		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	104,068	104,020	96,326	29,449	29,715	29,020	22,570	22,869	22,097	35,859	36,376	34,354
Other government contributions	466	466	466	165	104	100	600	570	572	795	924	774
Fees and charges	9,636	9,512	8,923	1,618	1,828	1,549	1,300	1,075	1,059	3,242	3,249	3,065
Ancillary operations, net	728	362	378	55	62	78	-	(98)	(94)	95	(50)	(49)
Donations	4	218	161	200	205	105	200	50	189	122	197	195
Investment and other income	2,129	3,215	3,110	782	827	1,096	1,050	499	886	495	805	1,000
Amortization of external capital contributions	5,029	5,388	5,328	1,502	4,793	1,725	1,300	1,287	1,141	2,165	2,204	2,037
TOTAL REVENUE	122,060	123,181	114,692	33,771	37,534	33,673	27,020	26,252	25,850	42,773	43,705	41,376
EXPENSE												
Facility-based inpatient acute care services	32,154	31,514	28,609	6,767	8,316	7,239	5,489	4,691	4,451	11,413	11,275	11,105
Facility-based emergency and outpatient services	9,372	9,945	9,586	1,854	1,854	2,240	2,205	2,607	2,616	4,500	3,574	3,244
Facility-based continuing care services	10,906	11,427	10,205	4,276	4,566	4,015	1,822	2,237	1,891	1,759	1,787	1,741
Community & home-based services	6,446	6,420	6,630	2,666	2,800	2,327	1,496	1,348	1,327	2,148	1,985	1,622
Diagnostic & therapeutic services	23,023	22,898	21,056	5,793	6,373	5,892	4,121	4,644	4,029	8,810	9,186	8,546
Promotion, prevention and protection services	5,312	5,274	4,793	2,104	2,118	2,126	2,311	2,560	2,051	2,740	2,527	2,585
Research & education	-	41	31	42	41	44	-	-	-	-	-	-
Administration	6,946	7,006	7,635	1,860	2,640	2,062	1,619	1,942	1,839	3,154	2,748	3,453
Information technology	2,505	2,706	1,956	310	738	892	633	607	579	1,129	902	925
Support services	22,501	23,698	21,922	7,086	10,104	7,788	7,425	7,777	7,394	8,252	8,404	8,033
Amortization of facilities and improvements	3,746	3,914	3,763	1,013	1,473	888	884	845	863	1,914	1,395	1,422
Capital assets write down	-	-	-	-	2,402	-	-	-	-	-	-	-
TOTAL EXPENSE before extraordinary item	122,911	124,843	116,186	33,771	43,425	35,513	28,005	29,258	27,040	45,819	43,783	42,676
Extraordinary Item - Restructuring costs AMHB												
TOTAL EXPENSE	122,911	124,843	116,186	33,771	43,425	35,513	28,005	29,258	27,040	45,819	43,783	42,676
Excess (deficiency) of revenue over expense	(851)	(1,662)	(1,494)	-	(5,891)	(1,840)	(985)	(3,006)	(1,190)	(3,046)	(78)	(1,300)

TABLE II

HEALTH AUTHORITY FINANCIAL SUMMARY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	NORTHWESTERN			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
REVENUE												
Alberta Health and Wellness contributions	17,248	17,353	16,825	235,400	234,465	220,818	151,751	156,825	133,481	4,440,946	4,466,056	4,169,939
Other government contributions	858	929	777	11,854	13,702	11,565	811	1,005	977	78,052	89,810	75,864
Fees and charges	515	604	383	2,373	3,523	2,739	2,258	4,035	2,470	327,214	336,563	300,606
Ancillary operations, net		(2)	(45)	1,346	(336)	(163)	150	487	201	19,010	13,378	14,581
Donations	8	2	3	21	50	52	3,976	4,751	2,831	19,996	22,643	12,246
Investment and other income	110	26	134	4,391	4,238	5,167	22,326	18,043	17,986	168,808	171,708	161,943
Amortization of external capital contributions	1,360	1,509	1,235	3,067	3,380	3,086	10,249	11,125	9,797	147,343	162,105	145,502
TOTAL REVENUE	20,099	20,421	19,312	258,452	259,022	243,264	191,521	196,271	167,743	5,201,369	5,262,263	4,880,681
EXPENSE												
Facility-based inpatient acute care services	4,571	4,841	4,289	60,995	60,533	57,964	11,435	11,371	11,318	1,356,465	1,372,922	1,244,792
Facility-based emergency and outpatient services	375	399	355	9,723	10,578	9,215	51,098	49,698	44,642	512,878	522,477	471,994
Facility-based continuing care services	1,559	1,589	1,523	17,274	17,680	17,266	-	-	-	572,921	577,043	537,782
Community & home-based services	3,112	2,939	2,581	95,910	94,749	91,264	17,323	18,882	16,189	439,955	439,205	404,490
Diagnostic & therapeutic services	2,456	2,460	2,346	22,164	19,909	18,781	45,566	47,856	44,116	973,856	980,283	897,660
Promotion, prevention and protection services	1,608	1,803	1,534	2,410	2,323	2,990	8,747	8,343	7,266	140,413	140,000	127,126
Research & education	142	128	127	948	1,039	1,046	21,780	20,791	19,070	106,536	105,283	104,582
Administration	1,561	1,794	1,412	15,025	13,993	14,604	5,582	5,218	5,443	202,583	197,860	189,024
Information technology	350	393	351	5,526	5,506	5,456	7,041	7,118	4,204	116,128	108,923	111,179
Support services	3,770	4,206	3,604	34,214	34,180	30,210	18,813	19,520	17,830	780,123	783,354	729,553
Amortization of facilities and improvements	850	949	876	1,858	2,247	1,905	4,136	4,202	3,935	89,335	94,233	82,548
Capital assets write down	-	86	-	-	-	-	-	-	-		5,366	688
TOTAL EXPENSE before extraordinary item	20,354	21,587	18,998	266,047	262,738	250,701	191,521	192,999	174,013	5,291,193	5,326,949	4,901,418
Extraordinary Item - Restructuring costs AAHB					6,882						6,882	
TOTAL EXPENSE	20,354	21,587	18,998	266,047	269,620	250,701	191,521	192,999	174,013	5,291,193	5,333,831	4,901,418
Excess (deficiency) of revenue over expense	(255)	(1,166)	314	(7,595)	(10,598)	(7,437)		3,272	(6,270)	(89,824)	(71,568)	(20,737)

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

TABLE III

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY S	DAVID THOMPSON	EAST CENTRAL
ASSETS							
Cash and temporary investments	11,670	7,200	7,154	134,633	11,416	37,740	16,772
Accounts receivable	4,580	2,536	326	41,759	421	2,459	1,657
Contributions receivable	1,566	629	426	19,285	110	1,466	738
Inventories	1,787	745	684	18,930	451	2,977	545
Prepaid expenses	822	470	354	3,734	250	1,016	-
Current Assets	20,425	11,580	8,944	218,341	12,648	45,658	19,712
Non-current cash and investments	18,188	24,502	9,314	141,365	1,151	27,472	15,857
Capital assets	178,970	71,157	34,684	679,401	68,529	142,199	85,882
Other assets	5,382	6,674	-	3,842	-	5,385	-
TOTAL ASSETS	222,965	113,913	52,942	1,042,949	82,328	220,714	121,451
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable	14,262	11,445	5,318	121,188	6,701	22,389	9,492
Accrued vacation pay	8,538	5,295	2,974	58,885	3,179	9,892	4,610
Current deferred contributions	3,927	2,610	1,628	22,400	2,046	2,955	3,069
Current portion of long term debt	128	-	-	293	-	47	-
Current Liabilities	26,855	19,350	9,920	202,766	11,926	35,283	17,171
Non-current deferred contributions	7,092	6,674	-	33,466	-	24,451	853
Deferred capital contributions	5,529	-	9,314	86,905	1,151	8,379	15,004
Long-term debt	481	-	-	16,956	-	614	-
Unamortized external capital contributions	166,199	66,757	29,809	572,731	61,917	124,853	82,098
Other liabilities	68	-	-	15,868	-	-	-
TOTAL LIABILITIES	206,224	92,781	49,043	928,692	74,994	193,580	115,126
NET ASSETS AND ENDOWMENTS							
Unrestricted	4,429	1,249	(976)	-	-	1,574	2,541
Internally restricted	-	15,483	-	24,836	722	9,300	-
Investment in capital assets	12,162	4,400	4,875	89,421	6,612	16,260	3,784
Endowments	150	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	16,741	21,132	3,899	114,257	7,334	27,134	6,325
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	222,965	113,913	52,942	1,042,949	82,328	220,714	121,451
CASH FLOWS							
Cash generated from (used by) operating activities	(5,735)	814	605	23,713	(1,225)	2,321	(2,817)
Cash generated from (used by) investing activities	(1,878)	(6,192)	(76)	(72,313)	(1,273)	(45,351)	(12,238)
Cash generated from (used by) financing activities	3,582	2,519	290	51,463	874	40,844	11,764
Increase (decrease) in cash and cash equivalent	(4,031)	(2,859)	819	2,863	(1,624)	(2,186)	(3,291)
Cash and cash equivalent, beginning of year	15,701	10,059	6,335	131,770	13,040	39,926	20,063
Cash and cash equivalent, end of year	11,670	7,200	7,154	134,633	11,416	37,740	16,772
Non-current cash and investments, end of year	18,188	24,502	9,314	141,365	1,151	27,472	15,857
Total cash, cash equivalent and non-current investments, end of year	29,858	31,702	16,468	275,998	12,567	65,212	32,629

TABLE III

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN	LAKELAND	MISTAHIA	PEACE
ASSETS							
Cash and temporary investments	1,285	10,480	151,864	10,598	3,635	10,983	137
Accounts receivable	1,114	559	45,518	891	1,509	2,241	561
Contributions receivable	226	50	25,774	1,390	1,686	1,415	103
Inventories	481	1,137	8,613	516	710	684	168
Prepaid expenses	196	507	42,635	470	183	645	24
Current Assets	3,302	12,733	274,404	13,865	7,723	15,968	993
Non-current cash and investments	330	15	194,117	10,452	359	1,709	4,274
Capital assets	46,264	34,191	772,870	54,172	56,377	116,319	66,195
Other assets	7,459	380	15,573	-	-	812	228
TOTAL ASSETS	57,355	47,319	1,256,964	78,489	64,459	134,808	71,690
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable	5,391	6,189	149,602	5,839	7,321	10,470	3,527
Accrued vacation pay	1,977	2,361	53,483	3,758	3,994	5,174	1,637
Current deferred contributions	1,791	3,264	69,968	3,035	2,218	1,274	443
Current portion of long term debt	-	-	782	-	-	-	-
Current Liabilities	9,159	11,814	273,835	12,632	13,533	16,918	5,607
Non-current deferred contributions	7,437	15	48,843	-	-	-	-
Deferred capital contributions	120	-	151,057	336	359	2,178	4,274
Long-term debt	-	-	8,424	-	-	-	-
Unamortized external capital contributions	42,542	31,268	654,550	48,915	51,490	109,908	63,509
Other liabilities	-	-	14,478	-	-	-	-
TOTAL LIABILITIES	59,258	43,097	1,151,187	61,883	65,382	129,004	73,390
NET ASSETS AND ENDOWMENTS							
Unrestricted	(5,625)	359	-	2,863	(5,810)	(607)	(4,386)
Internally restricted	-	940	10,572	8,486	-	-	-
Investment in capital assets	3,722	2,923	95,205	5,257	4,887	6,411	2,686
Endowments	-	-	-	-	-	-	-
TOTAL NET ASSETS AND ENDOWMENTS	(1,903)	4,222	105,777	16,606	(923)	5,804	(1,700)
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	57,355	47,319	1,256,964	78,489	64,459	134,808	71,690
CASH FLOWS							
Cash generated from (used by) operating activities	(4,522)	(1,584)	49,680	1,273	(6,351)	1,064	(4,143)
Cash generated from (used by) investing activities	(460)	(356)	(135,507)	(3,076)	181	(4,089)	683
Cash generated from (used by) financing activities	405	632	114,928	105	160	2,434	382
Increase (decrease) in cash and cash equivalent	(4,577)	(1,308)	29,101	(1,698)	(6,010)	(591)	(3,078)
Cash and cash equivalent, beginning of year	5,862	11,788	122,763	12,296	6,681	11,574	3,215
Cash and cash equivalent, end of year	1,285	10,480	151,864	10,598	671	10,983	137
Non-current cash and investments, end of year	330	15	194,117	10,452	359	1,709	4,274
Total cash, cash equivalent and non-current investments, end of year	1,615	10,495	345,981	21,050	1,030	12,692	4,411

HEALTH AUTHORITY SUMMARY
STATEMENT OF FINANCIAL POSITION AND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003

TABLE III

(Thousands of dollars)

	KEEWEETINOK	NORTHERN LIGHTS	NORTHWESTERN	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2003	HEALTH AUTHORITY TOTAL 2002
ASSETS							
Cash and temporary investments	2,807	3,486	2,513	46,205	6,105	476,683	473,446
Accounts receivable	946	1,974	293	2,677	6,825	118,846	100,357
Contributions receivable	252	466	277	566	8,399	64,824	65,862
Inventories	306	359	160	861	4,527	44,641	41,672
Prepaid expenses	143	292	169	540	770	53,220	47,451
Current Assets	4,454	6,577	3,412	50,849	26,626	758,214	728,788
Non-current cash and investments	1,080	3,642	8,141	15,825	29,165	506,958	562,920
Capital assets	30,608	30,701	33,702	123,625	134,040	2,759,886	2,608,458
Other assets	-	1,471	-	-	-	47,206	231,613
TOTAL ASSETS	36,142	42,391	45,255	190,299	189,831	4,072,264	4,131,779
LIABILITIES, NET ASSETS AND ENDOWMENTS							
Accounts payable	2,814	3,490	1,136	25,368	19,114	431,056	354,229
Accrued vacation pay	1,057	1,605	584	8,855	4,237	182,095	173,407
Current deferred contributions	518	849	526	4,748	15,448	142,717	131,251
Current portion of long term debt	-	600	-	-	-	1,850	2,596
Current Liabilities	4,389	6,544	2,246	38,971	38,799	757,718	661,483
Non-current deferred contributions	-	8	-	-	-	128,839	134,647
Deferred capital contributions	93	4,955	8,141	14,709	5,394	317,898	536,468
Long-term debt	-	-	-	-	-	26,475	10,477
Unamortized external capital contributions	27,116	29,104	31,224	116,616	119,256	2,429,862	2,307,308
Other liabilities	-	-	-	-	-	30,414	28,519
TOTAL LIABILITIES	31,598	40,611	41,611	170,296	163,449	3,691,206	3,678,902
NET ASSETS AND ENDOWMENTS							
Unrestricted	65	183	-	6,278	5,242	7,379	47,473
Internally restricted	987	-	1,166	6,716	6,356	85,564	130,454
Investment in capital assets	3,492	1,597	2,478	7,009	14,784	287,965	274,800
Endowments	-	-	-	-	-	150	150
TOTAL NET ASSETS AND ENDOWMENTS	4,544	1,780	3,644	20,003	26,382	381,058	452,877
TOTAL LIABILITIES, NET ASSETS, ENDOWMENTS	36,142	42,391	45,255	190,299	189,831	4,072,264	4,131,779
CASH FLOWS							
Cash generated from (used by) operating activities	(721)	1,411	(661)	2,379	157	55,658	73,210
Cash generated from (used by) investing activities	1,470	(2,021)	(17,356)	587	(15,361)	(314,626)	(516,067)
Cash generated from (used by) financing activities	1,114	2,660	16,528	643	7,914	259,241	441,159
Increase (decrease) in cash and cash equivalent	1,863	2,050	(1,489)	3,609	(7,290)	273	(1,698)
Cash and cash equivalent, beginning of year	944	1,436	4,002	42,596	13,395	473,446	475,144
Cash and cash equivalent, end of year	2,807	3,486	2,513	46,205	6,105	473,719	473,446
Non-current cash and investments, end of year	1,080	3,642	8,141	15,825	29,165	506,958	562,920
Total cash, cash equivalent and non-current investments, end of year	3,887	7,128	10,654	62,030	35,270	980,677	1,036,366

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	CHINOOK			PALLISER			HEADWATERS			CALGARY		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
Salaries, honoraria, benefits, allowances and severance	140,350	139,879	130,195	82,286	81,015	76,690	45,349	44,799	41,675	818,823	821,799	751,051
Contracts with health service operators	36,442	37,266	34,848	23,048	22,420	19,720	11,790	11,364	11,447	307,427	310,660	286,546
Contracts under the Health Care Protection Act	-	-	-	-	-	-	72	65	77	5,986	6,036	5,200
Drugs, gases, medical and surgical supplies	10,009	10,116	9,680	5,831	6,270	5,872	2,690	2,531	2,316	128,388	135,835	125,983
Other contracted services	18,105	16,473	13,530	6,950	6,941	5,912	3,954	4,291	3,782	138,985	137,855	119,638
Interest on long-term debt	75	59	43	-	-	-	-	-	-	-	-	-
Other	27,191	26,466	26,582	15,852	15,868	17,006	13,416	12,925	12,499	143,022	146,562	135,362
Amortization:												
Capital equipment - internally funded	2,748	2,197	2,360	1,433	1,066	1,217	841	749	535	13,846	13,310	13,353
Capital equipment - externally funded	2,826	2,761	2,593	762	1,590	1,496	761	666	440	22,925	22,146	18,854
Facilities and Improvements	7,025	6,944	7,390	3,232	4,519	3,342	1,920	1,945	1,982	22,084	21,401	18,005
Capital assets write down - equipment	-	-	-	-	-	-	-	478	-	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	244,771	242,161	227,221	139,394	139,689	131,255	80,793	79,813	74,753	1,601,486	1,615,604	1,473,992
Less amounts reported in ancillary operations	(1,149)	(1,311)	(1,201)	(1,000)	(959)	(1,072)	(407)	(397)	(424)	(12,881)	(15,006)	(14,252)
Extraordinary item - Restructuring costs AMHB												
TOTAL EXPENSES	243,622	240,850	226,020	138,394	138,730	130,183	80,386	79,416	74,329	1,588,605	1,600,598	1,459,740

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	REGIONAL HEALTH AUTHORITY 5			DAVID THOMPSON			EAST CENTRAL			WESTVIEW		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
Salaries, honoraria, benefits, allowances and severance	40,698	42,382	38,832	170,481	171,968	160,258	65,914	65,795	62,036	42,323	43,467	39,263
Contracts with health service operators	1,462	1,489	1,462	9,283	10,867	10,394	62,444	61,892	59,399	10,728	11,367	9,928
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	1,980	2,418	1,984	12,161	13,195	11,978	2,327	2,543	2,507	2,355	2,494	2,483
Other contracted services	4,659	2,856	1,732	15,824	15,985	13,724	7,162	6,743	6,585	2,424	2,894	2,243
Interest on long-term debt	-	-	-	37	37	44	-	-	-	-	-	-
Other	10,090	13,157	12,235	35,966	31,043	29,732	17,744	17,718	16,415	11,364	10,967	12,289
Amortization:												
Capital equipment - internally funded	469	443	462	2,197	1,875	1,628	402	596	608	720	626	743
Capital equipment - externally funded	592	578	593	2,099	2,642	2,392	744	1,094	770	812	798	790
Facilities and Improvements	2,192	2,196	1,458	4,858	4,737	4,660	3,244	3,276	3,069	1,408	1,443	1,419
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	5	-
Capital assets write down - facilities and improvements	-	583	-	-	-	-	-	-	-	-	264	688
	62,142	66,102	58,758	252,906	252,349	234,810	159,981	159,657	151,389	72,134	74,325	69,846
Less amounts reported in ancillary operations	(8)	(242)	(190)	(2,300)	(2,324)	(2,212)	(911)	(904)	(872)	(551)	(497)	(560)
Extraordinary item - Restructuring costs AMHB												
TOTAL EXPENSES	62,134	65,860	58,568	250,606	250,025	232,598	159,070	158,753	150,517	71,583	73,828	69,286

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	CROSSROADS			CAPITAL HEALTH			ASPEN			LAKELAND		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
Salaries, honoraria, benefits, allowances and severance	35,746	35,925	33,444	796,643	797,463	724,966	54,848	53,501	50,195	67,133	68,811	64,658
Contracts with health service operators	997	1,055	1,041	478,626	475,229	435,525	6,521	6,600	6,365	38,067	38,072	36,038
Contracts under the Health Care Protection Act	-	-	-	3,420	3,220	3,075	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	2,058	2,142	2,035	135,281	135,428	122,372	2,738	2,669	2,604	3,224	3,632	3,289
Other contracted services	2,040	2,641	2,264	104,653	104,702	101,301	3,871	4,310	3,535	6,111	6,017	6,078
Interest on long-term debt	-	-	-	1,216	583	699	-	-	-	3	3	8
Other	10,673	12,924	9,900	167,586	159,585	151,276	14,404	15,841	14,348	20,275	19,992	17,515
Amortization												
Capital equipment - internally funded	407	453	321	11,500	17,973	17,269	666	986	881	860	811	884
Capital equipment - externally funded	471	614	624	18,390	22,228	22,834	842	1,055	814	898	952	885
Facilities and Improvements	1,948	1,943	1,930	22,115	27,701	22,476	1,844	2,034	1,954	3,252	3,331	2,858
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	2,031	-
Capital assets write down - facilities and improvements	-	-	-	-	-	-	-	-	-	-	-	-
	54,340	57,697	51,559	1,739,430	1,744,112	1,601,793	85,734	86,996	80,696	139,823	143,652	132,213
Less amounts reported in ancillary operations	(471)	(1,111)	(1,189)	(29,520)	(30,091)	(29,103)	(471)	(484)	(469)	(500)	(515)	(450)
Extraordinary item - Restructuring costs AMHB												
TOTAL EXPENSES	53,869	56,586	50,370	1,709,910	1,714,021	1,572,690	85,263	86,512	80,227	139,323	143,137	131,763

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	MISTAHIA			PEACE			KEEWEETINOK LAKES			NORTHERN LIGHTS		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
Salaries, honoraria, benefits, allowances and severance	79,227	79,929	72,954	24,642	26,570	24,102	18,348	19,906	17,195	28,386	28,122	28,294
Contracts with health service operators	3,428	3,461	3,308	-	-	-	-	-	-	3,276	3,329	2,812
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	-	-	-
Drugs, gases, medical and surgical supplies	5,751	5,721	5,655	810	1,398	1,271	1,225	1,032	1,128	1,623	1,518	1,563
Other contracted services	10,879	11,058	10,498	850	1,672	1,871	1,250	1,392	1,154	2,457	3,430	2,636
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Other	17,599	18,433	17,704	5,500	8,883	6,393	6,702	6,609	7,244	7,558	5,557	5,733
Amortization:												
Capital equipment - internally funded	975	942	800	440	444	485	692	829	831	360	122	126
Capital equipment - externally funded	1,308	1,529	1,601	842	929	842	477	471	325	251	835	623
Facilities and Improvements	3,746	3,914	3,764	1,013	1,473	888	864	892	863	1,914	1,460	1,422
Capital assets write down - equipment	-	-	-	-	-	-	-	-	-	-	-	-
Capital assets write down - facilities and improvements	-	-	-	-	2,402	-	-	-	-	-	-	-
	122,913	124,987	116,284	34,097	43,771	35,852	29,558	31,131	28,740	45,825	44,373	43,209
Less amounts reported in ancillary operations	(2)	(144)	(98)	(326)	(346)	(339)	(1,553)	(1,873)	(1,700)	(6)	(590)	(533)
Extraordinary item - Restructuring costs AMHB												
TOTAL EXPENSES	122,911	124,843	116,186	33,771	43,425	35,513	28,005	29,258	27,040	45,819	43,783	42,676

TABLE IV

HEALTH AUTHORITY FINANCIAL SUMMARY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	NORTHWESTERN			ALBERTA MENTAL HEALTH BOARD			ALBERTA CANCER BOARD			HEALTH AUTHORITY TOTAL		
	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL	2002/03 BUDGET	2002/03 ACTUAL	2001/02 ACTUAL
Salaries, honoraria, benefits, allowances and severance	13,563	13,514	12,199	166,125	162,927	151,463	74,315	74,800	71,325	2,765,200	2,772,572	2,550,795
Contracts with health service operators	279	315	279	44,586	46,177	45,737	-	-	-	1,038,404	1,041,563	964,849
Contracts under the Health Care Protection Act	-	-	-	-	-	-	-	-	-	9,478	9,321	8,352
Drugs, gases, medical and surgical supplies	553	723	610	3,725	4,010	3,883	40,616	42,900	36,618	363,345	376,575	343,831
Other contracted services	152	332	343	12,739	15,246	15,179	24,298	25,048	18,170	367,363	369,886	330,175
Interest on long-term debt	-	-	-	-	-	-	-	-	-	1,331	682	794
Other	4,404	5,066	4,296	35,750	26,112	31,137	43,558	40,303	39,477	608,654	594,011	567,143
Amortization:												
Capital equipment - internally funded	310	364	281	1,929	1,763	2,132	2,293	2,894	2,443	43,088	48,443	47,359
Capital equipment - externally funded	586	643	559	1,209	1,133	1,181	6,113	6,939	5,827	62,908	69,603	64,043
Facilities and Improvements	850	883	781	1,858	2,247	1,905	4,136	4,379	4,159	89,503	96,718	84,325
Capital assets write down - equipment	-	-	-	-	5,082	-	-	-	-	-	7,596	-
Capital assets write down - facilities and improvements	-	86	-	-	-	-	-	-	-	-	3,335	686
	20,697	21,926	19,348	267,921	264,697	252,617	195,329	197,263	178,019	5,349,274	5,390,305	4,962,354
Less amounts reported in ancillary operations	(343)	(339)	(350)	(1,874)	(1,959)	(1,916)	(3,808)	(4,264)	(4,006)	(58,081)	(63,356)	(60,936)
Extraordinary item - Restructuring costs AMHB					6,882						6,882	
TOTAL EXPENSES	20,354	21,587	18,998	266,047	269,620	250,701	191,521	192,999	174,013	5,291,193	5,333,831	4,901,418

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	CHINOOK	PALLISER	HEADWATERS	CALGARY	HEALTH AUTHORITY 5	DAVID THOMPSON	EAST CENTRAL
I. SURPLUS (DEFICIT) AS A % OF TOTAL REVENUE	(3.51%)	(0.78%)	(3.31%)	(0.48%)	(4.16%)	(2.24%)	(2.66%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *excludes information technology*	4.3%	4.1%	7.0%	3.4%	6.7%	4.3%	6.4%
III. WORKING CAPITAL							
Current Assets	20,425	11,580	8,944	218,341	12,648	45,658	19,712
Current Liabilities	26,855	19,350	9,920	202,766	11,926	35,283	17,171
WORKING CAPITAL RATIO	0.76	0.60	0.90	1.08	1.06	1.29	1.15
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *excludes extraordinary items*	83.7%	81.1%	78.1%	84.2%	81.1%	86.2%	83.2%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	3.8	3.7	4.3	3.6	6.9	6.2	4.7
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from internal resources							
Equipment	2,819	1,020	917	7,651	590	4,914	475
Facilities and Improvements			-	26,085	3,980		-
	2,819	1,020	917	33,736	4,570	4,914	475
Funded by external parties							
Equipment	3,832	601	1,275	26,370	112	4,627	2,736
Facilities and Improvements	1,099	1,918	2,817	69,210	213	30,925	12,500
Land					-		276
	4,931	2,519	4,092	95,580	325	35,552	15,512
Total capital investments during the year	7,750	3,539	5,009	129,316	4,895	40,466	15,987
VII. TOTAL FTEs *(excludes Board)*	2,347	1,417	802	13,652	819	3,048	1,251

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	WESTVIEW	CROSSROADS	CAPITAL HEALTH	ASPEN	LAKELAND	MISTAHIA	PEACE
I. SURPLUS (DEFICIT) AS A % OF TOTAL REVENUE	(8.28%)	(12.64%)	(0.32%)	(0.07%)	(6.03%)	(1.35%)	(15.70%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *(excludes information technology)*	8.3%	5.8%	2.4%	4.6%	4.3%	5.6%	6.1%
III. WORKING CAPITAL							
Current Assets	3,302	12,533	274,404	13,865	7,723	15,968	993
Current Liabilities	9,159	11,814	273,835	12,632	13,533	16,918	5,607
WORKING CAPITAL RATIO	0.36	1.08	1.00	1.10	0.57	0.94	0.18
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *(excludes extraordinary items)*	78.2%	70.6%	84.8%	82.5%	75.8%	83.3%	68.4%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	1.8	1.2	3.0	3.0	3.4	4.9	4.6
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from internal resources							
Equipment	55	382	29,715	559	594	1,654	167
Facilities and improvements				145		185	–
	55	382	29,715	704	594	1,839	167
Funded by external parties							
Equipment	575	632	13,386	435	575	2,014	850
Facilities and improvements	63	–	34,506	1,453	224	1,050	12,617
Land							
	638	632	47,892	1,887	801	3,064	13,467
Total capital investments during the year	693	1,014	77,607	2,591	1,395	4,903	13,634
VII. TOTAL FTEs *(excludes Boards)*	721	681	13,064	1,023	1,251	1,385	473

TABLE V

HEALTH AUTHORITY SUMMARY OF OTHER FINANCIAL INFORMATION FOR THE YEAR ENDED MARCH 31, 2003
(Thousands of dollars)

	KEEWEETINOK LAKES	NORTHERN LIGHTS	NORTHWESTERN	ALBERTA MENTAL HEALTH BOARD	ALBERTA CANCER BOARD	HEALTH AUTHORITY TOTAL 2003	HEALTH AUTHORITY TOTAL 2002
I. SURPLUS/(DEFICIT) AS A % OF TOTAL REVENUE	(11.45%)	(0.18%)	(5.71%)	(4.09%)	1.67%	(1.36%)	(0.42%)
II. ADMINISTRATION COST AS A % OF TOTAL EXPENSES *(excludes information technology)*	6.6%	6.3%	8.3%	5.3%	2.2%	1.7%	3.9%
III. WORKING CAPITAL							
Current Assets	4,454	6,577	3,412	50,849	26,626	758,214	728,788
Current Liabilities	4,389	6,544	2,246	38,971	38,709	757,718	661,483
WORKING CAPITAL RATIO	1.01	1.01	1.52	1.30	0.69	1.00	1.10
IV. ALBERTA HEALTH AND WELLNESS FUNDING COVERAGE RATIO *(excludes extraordinary items)*	78.2%	83.1%	80.4%	89.5%	81.3%	83.8%	85.1%
V. AVERAGE REMAINING USEFUL LIFE OF CAPITAL EQUIPMENT IN YEARS	4.3	4.1	3.9	2.0	5.8	3.7	3.9
VI. CAPITAL INVESTMENTS DURING THE YEAR							
Funded from internal resources							
Equipment	972	72	828	1,891	2,876	58,151	69,711
Facilities and Improvements	-	-		189	-	30,584	8,708
	972	72	828	2,080	2,876	88,735	78,419
Funded by external parties							
Equipment	1,716	1,702	1,595	3,110	11,886	78,033	84,692
Facilities and Improvements	-	1,850	8,587	30,811	1,698	211,533	158,182
Land	-	-	-	-	-	276	-
	1,716	3,552	10,182	33,921	13,584	289,842	242,874
Total capital investments during the year	2,688	3,624	11,010	36,001	16,460	378,577	321,293
VII. TOTAL FTEs *(excludes Boards)*	343	479	262	2,709	1,177	46,922	46,465

Alphabetical List of Government Entities' Financial Statements in Ministry 2002/2003 Annual Reports

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	

Ministry, Department, Fund or Agency	Ministry Annual Report
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming

[1] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Michener Centre Facility Board[2]	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.

[2] Dissolved July 23, 2002.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

Alberta Ministry of Health and Wellness

Annual Report 2002/2003

SECTION II

www.healthyalberta.com

Alberta
HEALTH AND WELLNESS

For further information

For additional copies of this document or Section L contact:

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Communications
22nd floor, 10025 Jasper Avenue
Edmonton, Alberta T5J 2N3
Phone: (780) 427-7164
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For research or technical inquiries on the financial information in this document contact:

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It provides an overview, results analysis and financial statements for the Ministry of Health and Wellness, as well as a summary of the financial statements for the health authorities.

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CONTACT LIST

Financial Information for
Regional Health Authorities and Provincial Health Boards

For further financial information regarding the regional health authorities or provincial health boards, please contact:

New Region after March 31, 2003	Responsible For Reporting of the Following 2002/2003 Health Authorities	Contact Phone Number
Chinook	1 Chinook	(403) 382-6019
R2 (Palliser)	2 Palliser	(403) 529-8058
Calgary	3 Headwaters	(403) 541-3677
	4 Calgary	(403) 541-3677
David Thompson	5 HA #5	(403) 341-8622
	6 David Thompson	(403) 341-8622
	9 Crossroads	(403) 341-8622
East Central	7 East Central	(780) 608-8820
Capital	8 Westview	(780) 407-3652
	10 Capital	(780) 407-3652
Aspen	11 Aspen	(780) 349-8705
	12 Lakeland	(780) 349-8705
	15 Keweetinok	(780) 349-8705
Peace Country	13 Mistahia	(780) 538-6138
	14 Peace	(780) 538-6138
Northern Lights	16 Northern Lights	(780) 791-6037
	17 Northwestern	(780) 791-6037
ACB	ACB	(780) 422-2233
AMHB	AMHB	(780) 412-6350

Chinook
#1

Chinook Regional Health Authority

Financial Statements

March 31, 2003

CHINOOK REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2003

Auditor's Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

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Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

AUDITOR GENERAL *Alberta*

AUDITOR'S REPORT

To the Members of the Chinook Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Chinook Regional Health Authority ("the Authority") as at March 31, 2003, and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The Authority has recorded a long-term care facility that does not meet the definition of a capital asset because it is not owned or controlled by the Authority. The effect of this departure from Canadian generally accepted accounting principles is to overstate capital assets and unamortized external capital contributions by $25.9 million as at March 31, 2003. Since the Authority accounts for all costs and revenues related to services carried out for which it is responsible, the incorrect recording of the asset in question has no effect on total expenses and revenues.

In my opinion, except for the effect of the matter discussed in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 28, 2003

CHINOOK REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Chinook Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

July 17, 2003
Chief Executive Officer

July 17, 2003
Vice President, Finance and Administration

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2003
(thousands of dollars)

	2003 Budget (Note 12)	2003 Actual	2002 Actual
ASSETS			
Current			
Cash and investments (Note 3)	$ -	$ 11,670	$ 15,701
Accounts receivable (Note 4)	7,331	6,146	7,104
Inventories	1,496	1,787	1,696
Prepaid expenses	492	822	462
	9,319	20,425	24,963
Non-current cash and investments (Note 3)	18,663	18,188	20,703
Capital assets (Note 5)	182,669	178,970	183,218
Other assets (Note 6)	8,462	5,382	8,643
TOTAL ASSETS	$ 219,113	$ 222,965	$ 237,527
LIABILITIES AND NET ASSETS			
Current			
Bank indebtedness	$ 5,925	$ -	$ -
Accounts payable and accrued liabilities	11,641	14,262	13,830
Accrued vacation pay	8,333	8,538	8,733
Deferred contributions (Note 7)	1,201	3,927	2,262
Current portion of long-term debt (Note 9)	129	128	122
	27,229	26,855	24,947
Deferred contributions (Note 7)	$ 6,701	$ 7,092	$ 7,732
Deferred capital contributions (Note 8)	938	5,529	8,450
Long-term debt (Note 9)	562	481	609
Unamortized external capital contributions (Note 10)	169,238	166,199	170,828
Other liabilities	-	68	58
	$ 177,439	$ 179,369	$ 187,677
Net assets			
Unrestricted	$ 1,471	$ 4,429	$ 144
Internally restricted (Note 11)	-	-	12,950
Investment in capital assets	12,824	12,162	11,659
Operating net assets	14,295	16,591	24,753
Endowments	150	150	150
	14,445	16,741	24,903
TOTAL LIABILITIES AND NET ASSETS	$ 219,113	$ 222,965	$ 237,527

The accompanying notes and schedules are part of these financial statements

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Budget (Note 12)	2003 Actual	2002 Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 201,581	$ 201,632	$ 194,970
Other government contributions (Note 14)	2,782	2,616	2,564
Fees and charges (Note 15)	13,700	14,201	13,540
Ancillary operations, net (Note 16)	291	325	349
Donations	156	346	266
Investment and other income (Note 17)	4,956	4,013	4,417
Amortization of external capital contributions (Note 10)	9,701	9,555	9,774
TOTAL REVENUE	$ 233,167	$ 232,688	$ 225,880
Expenses (Schedule 1)			
Facility-based inpatient acute services	60,615	61,321	57,268
Facility-based emergency and outpatient services	14,751	14,948	13,560
Facility-based continuing care services	32,310	32,561	31,512
Community and home based services	18,742	17,703	14,829
Diagnostic and therapeutic services	43,038	42,260	39,470
Promotion, prevention and protection services	10,766	9,377	8,828
Administration (Note 18)	10,872	10,390	10,302
Information technology	4,987	4,689	4,252
Support services (Note 19)	40,561	40,702	38,654
Amortization of facilities and improvements	6,980	6,899	7,345
TOTAL EXPENSES	$ 243,622	$ 240,850	$ 226,020
Deficiency of revenue over expenses	$ (10,455)	$ (8,162)	$ (140)

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003						2002
	Operating						
	Unrestricted	Internally Restricted (Note 11)	Invested in Capital Assets	Total Operating	Endowments	Total	Total
Deficiency of revenue over expenses	$ (8,162)	$ -	$ -	$ (8,162)	$ -	$ (8,162)	$ (140)
Capital assets purchased with internal funds	-	(2,819)	2,819	-	-	-	-
Amortization on internally funded capital assets	2,438	-	(2,438)	-	-	-	-
Repayment of long-term debt used to fund capital assets	(122)	-	122	-	-	-	-
Net change	(5,846)	(2,819)	503	(8,162)	-	(8,162)	(140)
Transfer to unrestricted	13,147	(13,147)	-	-	-	-	-
Transfer from unrestricted	(3,016)	3,016	-	-	-	-	-
Balance at beginning of year	144	12,950	11,659	24,753	150	24,903	25,043
Balance at end of year	$ 4,429	$ -	$ 12,162	$ 16,591	$ 150	$ 16,741	$ 24,903

CHINOOK REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities			
Deficiency of revenue over expenses	$ (10,455)	$ (8,162)	$ (140)
Non-cash transactions:			
Amortization of capital equipment - internally funded	2,744	2,229	2,425
- externally funded	2,826	2,761	2,593
Amortization of facilities and improvements	7,024	6,944	6,892
Gross Amortization of external capital contributions (Note 10)	(9,701)	(9,560)	(9,779)
(Gain) Loss on disposal of capital equipment	133	(32)	(65)
Loss on disposal of facilities and improvements	-	-	498
	(7,429)	(5,820)	2,424
Change in non-cash working capital account (Note 20)	485	85	2,460
Cash (used by) generated from operations	(6,944)	(5,735)	4,884
Investing activities			
Purchase of capital assets:			
internally funded	(3,940)	(2,819)	(4,833)
externally funded - equipment	(3,989)	(3,832)	(3,613)
- facilities & improvements	(4,124)	(1,099)	(683)
Proceeds on sale of capital assets	-	96	186
(Increase) decrease in other assets	-	3,261	(6,023)
(Increase) decrease in non-current cash	(544)	2,515	(3,409)
Cash used by investing activities	(12,597)	(1,878)	(18,375)
Financing activities:			
Capital contributions received (Note 8)	601	2,010	7,267
Change in non-cash working capital account (Note 20)	-	2,324	(158)
Principal payments on long-term debt	(122)	(122)	(157)
Increase in long-term debt	(3,952)	-	-
Increase in other liabilities	(106)	10	58
Net change in non-current deferred contributions	(1,032)	(640)	2,230
Cash generated from financing activities	(4,611)	3,582	9,240
Decrease in cash and investments	(24,152)	(4,031)	(4,251)
Cash and investments, beginning of year	18,227	15,701	19,952
Cash and investments, end of year	$ (5,925)	$ 11,670	$ 15,701
Cash and cash equivalents are defined as follows:			
Cash and investments	$ -	$ 11,670	$ 15,701
Bank indebtedness	(5,925)	-	-
	$ (5,925)	$ 11,670	$ 15,701

CHINOOK REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2003
(Thousands of dollars)

Note 1 Authority, Purpose and Operations

The Chinook Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services within the Chinook Region (the "Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Barons-Eureka-Warner Health Unit
- Border Counties General Hospital
- Cardston General Hospital
- Children's Assessment, Rehabilitation and Education Centre Society of Southwestern Alberta
- Chinook Health Unit
- Crowsnest Pass General and Auxiliary Hospital
- Fort Macleod Health Care Centre
- Fort Macleod Special Development Unit
- City of Lethbridge Health Unit
- Lethbridge Regional Hospital
- Magrath General Hospital
- Picture Butte Health Centre
- Pincher Creek Municipal Hospital
- Raymond General Hospital
- Taber and District Health Care Complex

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 21(f).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements are prepared using the deferral method of accounting. The Foundations are not consolidated.

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

The fair value of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments made by Alberta Health directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plans' deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments are recorded at lower of cost and market. Non-current investments are recorded at cost. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(f) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value as of March 31, 2003 because of the short-term maturity of these items.

The carrying value of long-term debt (obligations under capital leases) approximates their fair values as of March 31, 2003.

(g) Inventories

Inventories are valued at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than five thousand dollars are expensed.

Capital assets except land, construction in progress and art are amortized over their estimated useful lives on a straight line basis as follows:

	Useful Life
Land improvements	10 - 25 years
Buildings	20 - 40 years
Equipment	5 - 20 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 3 Cash and Investments

	2003		2002	
	Market Value	Carrying Value	Market Value	Carrying Value
Cash and equivalents	$ 12,189	$ 12,189	$ 5,371	$ 5,371
Term deposits[1]	-	-	13,053	13,053
Bonds	15,227	14,881	14,423	14,459
Equities[2]	3,001	2,788	3,816	3,521
	$ 30,417	29,858	$ 36,663	36,404
Amount held for non-current purposes		(18,188)		(20,703)
		$ 11,670		$ 15,701

[1] Term deposits with Alberta Treasury Branches maturing within 60 to 90 days and bearing interest at an average rate of 2.89%.
[2] Within the investment portfolio, equities, at an aggregate market value of $3,001 (2002 - $3,816) are $788 less than cost. The carrying value of certain securities have been written down to market value because management has concluded, based on review of market information, that there is indication of decline in value that is other than temporary (Note 17).

(ii) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 100% for fixed-income instruments, 0% to 25% for equities, and 0% to 20% for cash and cash equivalents. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

Note 3 Cash and Investments (continued)

(iii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 2.8% per annum based on the market for securities maturing in a year, and 5.9% per annum for securities maturing between 1 and 10 years. As at March 31, 2003, the securities have the following term structure based on par:

	%
Under 1 year	3.1
1 to 5 years	25.0
5 to 10 years	53.9
Over 10 years	18.0

Non-current cash and investments represent the following:

	2003	2002
Endowments	$ 150	$ 150
Externally restricted for capital purposes	5,079	3,845
Internally restricted for capital purposes	-	12,774
Internally restricted for education	-	177
Externally restricted for specific purposes	3,338	3,699
Long-term investment	68	58
Other	9,553	-
	$ 18,188	$ 20,703

Note 4 Accounts Receivable

	2003	2002
Contributions receivable	$ 1,594	$ 4,773
Accounts receivable - patients and other	4,580	6,522
	6,174	11,295
Amounts held for non-current purposes	(28)	(4,191)
	$ 6,146	$ 7,104

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Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 2,402	$ -	$ 2,402	$ 2,402
Land improvements	4,192	3,487	705	807
Buildings	241,484	86,174	155,310	161,358
Equipment	69,044	50,208	18,836	17,531
Construction in progress	1,671	-	1,671	1,974
Art	46	-	46	46
	$ 318,839	$ 139,869	$ 178,970	$ 183,218

(a) Land

Land at the following sites has been provided to the Authority at nominal values: Crowsnest Pass General and Auxiliary Hospital and Picture Butte Health Centre.

(b) Leased Equipment

Included in the equipment are items acquired through capital leases at a cost of $1,123 (2002 - $1,527) with accumulated amortization of $866 (2002 - $1,094).

Capital assets have been funded from the following sources:

	2003	2002
Financed by capital leases	$ 609	$ 731
Externally funded	166,199	170,828
Internally funded	12,162	11,659
	$ 178,970	$ 183,218

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Note 6 Other Assets

	2003	2002
Long term receivable	$ 5,354	$ 4,447
Contributions receivable	28	4,191
Deposits - Housekeeping	-	5
	$ 5,382	$ 8,643

The long-term receivable is forgivable for services rendered by the contracted health service provider over the life of the Continuing Care Agreement. The Continuing Care Agreement is for a term of 20 years effective from the date of commencement of operations, unless otherwise terminated.

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Note 7 Deferred Contributions

	2003	2002
Amounts received:		
Alberta Health and Wellness	$ 6,845	$ 4,967
Other government	2,273	4,301
Donations	514	1,201
Investment income (Note 17)	84	247
Other	1,451	909
	11,167	11,625
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 13)	(5,687)	(4,501)
Other government (Note 14)		
Persons with Developmental Disabilities	(2,085)	(1,948)
Other	(198)	(316)
Donations	(346)	(266)
Investment and other income (Note 17)	(1,324)	(1,237)
	(9,640)	(8,268)
Returned to Alberta Health and Wellness	-	(25)
Transferred to other Health Authority	-	(83)
Amounts transferred (to) from deferred		
Capital contributions (Note 8)		
Other	(134)	65
Donations	(368)	(541)
	(10,142)	(8,852)
Change during the year	1,025	2,773
Balance, beginning of year	9,994	7,221
	$ 11,019	$ 9,994

Unspent amounts at end of year are restricted for the following purposes:

Current		
Special purpose program funding		
Specialist on Call	$ 526	$ -
Service Delivery	1,000	
Ambulance Training	127	206
Health Innovation Projects	36	313
Persons with Developmental Disabilities	137	158
Young Family Wellness	563	490
Transition	365	
System Security	209	
Other	444	394
	3,407	1,561
Restricted donations	520	741
	3,927	2,262
Long-term		
Special purpose program funding		
Speech Initiative	2,969	2,896
Healthy Aging Partnership Initiative	3,725	3,936
Taber Project	373	900
Student Health Partnership Initiative	25	-
	7,092	7,732
	$ 11,019	$ 9,994

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Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2003	2002
Amounts received:		
Restricted Alberta Health and Wellness	$ -	$ 2,324
Restricted other government	1,484	4,420
Restricted investment income (Note 17)	13	24
Refund to Alberta Infrastructure	-	(67)
Proceeds on sale of building	-	75
Contributed capital	11	15
Transferred from (to) deferred contributions (Note 7)		
Donations	368	541
Other	134	(65)
	2,010	7,267
Transferred (to) from:		
Unamortized external capital contributions (Note 10)		
Other	(4,563)	(3,755)
Donations	(368)	(541)
Change during the year	(2,921)	2,971
Balance, beginning of year	8,450	5,479
Balance, end of year	$ 5,529	$ 8,450
Balance at end of year is restricted for the following purposes:		
Equipment replacement	489	3,804
New construction	5,040	4,646
	$ 5,529	$ 8,450

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Note 9 Long-term Debt

	2003	2002
Obligations under capital leases	$ 609	$ 731
Less current portion	(128)	(122)
Long-term portion	$ 481	$ 609

	Total
Future payments:	
For the year ended March 31:	
2004	$ 174
2005	174
2006	248
2007	28
2008	28
2009 and thereafter	111
	763
Amount representing interest	(154)
	$ 609

The capital leases expire on various dates to March 15, 2012. The implicit interest rates payable on these leases are 8% to 9.5%.

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Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(b). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2003	2002
Balance at beginning of year	$ 170,828	$ 176,311
Add amounts transferred from:		
Deferred capital contributions (Note 8)		
Other	4,563	3,755
Donations	368	541
	4,931	4,296
Less amounts recognized as revenue		
General operations	(9,555)	(9,774)
Ancillary operations (Note 16)	(5)	(5)
	(9,560)	(9,779)
	$ 166,199	$ 170,828

Note 11 Net Assets Internally Restricted

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2003	2002
Future equipment replacement	$ -	$ 1,831
Information technology upgrade	-	3,922
Building service equipment	-	520
Supportive Living	-	3,000
Infrastructure	-	3,500
Education fund	-	177
	$ -	$ 12,950

Note 12 Budget

	Approved Budget[1]
Revenue:	
Alberta Health and Wellness contributions	$ 201,581
Other government contributions	2,782
Fees and charges	13,700
Net ancillary operations	291
Donations	156
Investment and other revenue	4,956
Amortization of deferred capital contributions	9,701
Total revenue	233,167
Expenses:	
Facility-based inpatient services	60,615
Facility-based emergency and outpatient services	14,751
Facility-based continuing care services	32,310
Community and home-based services	18,742
Diagnostic and therapeutic services	43,038
Promotion, prevention and protection services	10,766
Administration	10,872
Information technology	4,987
Support services	40,561
Amortization of facilities and improvements	6,980
Total expenses	243,622
Excess of revenues over expenses	$ (10,455)

[1] The budget was approved by the members of the Authority on May 14, 2002 and approved by the Minister of Health and Wellness on June 27, 2002.

Note 13 Alberta Health and Wellness Contributions

	Budget	2003	2002
Unrestricted Global Contributions	$ 195,076	$ 195,767	$ 190,289
Transfers from deferred contributions (Note 7)	6,326	5,687	4,501
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators	179	178	180
	$ 201,581	$ 201,632	$ 194,970

Note 14 Other Government Contributions

	Budget	2003	2002
Person's with Development Disabilities South Alberta Board (Note 7)	$ 2,224	$ 2,085	$ 1,948
Transfers from deferred contributions (Note 7)	259	198	316
Fair value of rent less rent charges for non-acute care facilities used by the Authority	299	333	300
	$ 2,782	$ 2,616	$ 2,564

Note 15 Fees and Charges

	Budget	2003	2002
Acute Care			
Non-entitled revenue - inpatients	$ 1,301	$ 1,587	$ 1,572
Non-entitled revenue - outpatients	1,009	1,251	1,152
Preferred accomodation	375	195	400
Other	140	202	239
Continuing Care			
Non-entitled revenue	-	22	-
Accommodation charges	21	18	19
Preferred accommodation	3,607	3,397	3,305
Home care fees	4	9	10
Federal government	51	63	66
Workers Compensation Board (WCB)	999	1,331	1,177
Fair value adjustments (Note 21(f))	6,193	6,126	5,600
	$ 13,700	$ 14,201	$ 13,540

Note 16 Ancillary Operations

	2003						2002
	Non-Patient Food Services Operations	Laundry Operations	Parking Operations	Other Operations	Total	Budget	Total
Revenues							
Revenues	$ 978	$ 83	$ 360	$ 210	$ 1,631	$ 1,484	$ 1,545
Amortization of deferred capital contributions	-	1	4	-	$ 5	-	$ 5
	978	84	364	210	1,636	1,484	1,550
Expenses							
Other expenses	877	83	50	252	$ 1,262	1,149	1,152
Amortization	2	1	46	-	49	44	49
	879	84	96	252	1,311	1,193	1,201
Excess of revenues over expenses 2002-2003	$ 99	$ -	$ 268	$ (42)	$ 325	$ 291	$ 349
Excess of revenues over expenses 2001-2002	$ 85	$ -	$ 266	$ (2)	$ 349		

Note 17 Investment and Other Income

	Budget	2003	2002
Investment Income Earned			
Unrestricted resources	$ 1,450	$ 1,362	$ 1,396
Restricted resources for capital assets	-	13	24
Restricted resources for special purpose programs	-	84	247
Resources held for endowment	-	4	5
Write down of investments	-	(1,001)	-
	1,450	462	1,672
Other Income			
Transfers from deferred contributions (Note 7)	-	1,324	1,237
Other	3,506	2,324	1,779
	4,956	4,110	4,688
Less amounts deferred:			
Restricted for capital asset acquisition (Note 8)	-	(13)	(24)
Restricted for special purpose programs (Note 7)	-	(84)	(247)
	$ 4,956	$ 4,013	$ 4,417

Investment income is comprised of interest and dividends.

Other income is comprised of recoveries from sources external to the Health Authority for compensation, material and supplies.

Note 18 Administration

	Budget	2003	2002
General administration	$ 5,902	$ 5,628	$ 5,577
Finance	1,499	1,443	1,366
Personnel	1,742	1,515	1,604
Administration - contract operators	1,729	1,804	1,755
	$ 10,872	$ 10,390	$ 10,302

Note 19 Support Services

	Budget	2003	2002
Building maintenance, operations and security	$ 11,317	$ 10,921	$ 10,531
Communications	587	494	472
Education	810	828	647
Housekeeping	3,760	3,995	3,704
Laundry and linen	1,319	1,406	1,269
Materials management	3,792	3,674	3,441
Patient food services	6,659	6,689	6,470
Patient health records	2,491	2,436	2,308
Patient registration	1,232	1,254	1,215
Patient transportation	1,257	1,691	1,593
Volunteer services	305	321	292
Support-contract operators	7,032	6,993	6,712
	$ 40,561	$ 40,702	$ 38,654

Note 20 Changes in Non-Cash Working Capital Accounts

	2003	2002
Accounts receivable	$ 958	$ (2,943)
Inventories	(91)	(154)
Prepaid expenses	(360)	179
Accounts payable	432	3,417
Accrued vacation pay	(195)	1,260
Current portion of deferred contributions	1,665	543
	$ 2,409	$ 2,302
Reflected in the Statement of Cash Flows as:		
Operating activities	$ 85	$ 2,460
Financing activities	2,324	(158)
	$ 2,409	$ 2,302

Note 21 Related Parties

(a) Provincial Government

The Authority operates under the authority of the Province of Alberta. Two thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province of Alberta are described in notes 4, 6, 7, 8, 13, 14, and 15 to the financial statements.

(b) Foundations

The Authority exercises control over the following Foundations by virtue of its ability to appoint a majority of the voting members of the Boards of Directors. These Foundations were established under the Regional Health Authorities Act and are registered charities under the Income Tax Act.

The controlled Foundations are not consolidated in these financial statements.

(i) Crowsnest Pass Health Foundation (established August 28, 1996)

	2003	2002
Total assets	$ 88	$ 78
Total liabilities	(12)	(9)
Net assets	$ 76	$ 69
Revenue	$ 108	$ 119
Expenses	(119)	(129)
Deficiency of revenue over expenses	$ (11)	$ (10)

The resources of the Foundation amounting to $42 have been restricted by the donors for the exclusive use of Crowsnest Pass Health Care Facility.

The financial statements for the Crowsnest Pass Health Foundation are prepared using the Restricted Fund method.

Note 21 Related Parties (continued)

(ii) Cardston and District Health Foundation (established August 28, 1996)

	2003	2002
Total assets	$ 43	$ 18
Total liabilities	(2)	-
Net assets	$ 41	$ 18
Revenue	$ 48	$ 41
Expenses	(25)	(47)
Excess (deficiency) of revenue over expenses	$ 23	$ (6)

The resources of the Foundation amounting to $11 have been restricted by the donors for the exclusive use of Cardston Health Care Facility.

The financial statements for the Cardston and District Health Foundation are prepared using the Restricted Fund method.

(iii) North County Health Foundation (established October 16, 1997)

	2003	2002
Total assets	$ 48	$ 21
Net assets	$ 48	$ 21
Revenue	$ 43	$ 42
Expenses	(16)	(46)
Excess (deficiency) of revenue over expenses	$ 27	$ (4)

The resources of the Foundation amounting to $3 have been restricted by the donors for the exclusive use of Picture Butte Health Care Facility.

The financial statements for the North County Health Foundation are prepared using the Restricted Fund method.

Note 21 Related Parties (continued)

(iv) Fort Macleod and District Health Foundation (established April 21, 1998)

	2003	2002
Total assets	$ 35	$ 13
Net assets	$ 35	$ 13
Revenue	$ 61	$ 51
Expenses	(39)	(62)
Excess (deficiency) of revenue over expenses	$ 22	$ (11)

The resources of the Foundation amounting to $2 have been restricted by the donors for the exclusive use of Fort Macleod Health Care Facility.

The financial statements for the Fort Macleod and District Health Foundation are prepared using the Restricted Fund method.

(v) Windy Slopes Health Foundation (established April 28, 1998)

	2003	2002
Total assets	$ 76	$ 21
Total liabilities	-	(1)
Net assets	$ 76	$ 20
Revenue	$ 88	$ 63
Expenses	(32)	(69)
Excess (deficiency) of revenue over expenses	$ 56	$ (6)

The resources of the Foundation amounting to $10 have been restricted by the donors for the exclusive use of Pincher Creek Health Care Facility.

The financial statements for the Windy Slopes Health Foundation are prepared using the Restricted Fund method.

Note 21 Related Parties (continued)

	Contributions Received by Health Authority Year ended March 31		Resources held by Foundation At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Crowsnest Pass Health Foundation	$ 41	$ 95	$ 42	$ 34
Cardston and District Health Foundation	5	25	11	30
North County Health Foundation	-	20	3	45
Fort Macleod and District Health Foundation	29	34	2	33
Windy Slopes Health Foundation	28	40	10	66
	$ 103	$ 214	$ 68	$ 208

(d) Other Foundations

The Authority has an economic interest in the Lethbridge Regional Hospital Foundation and the Taber and District Health Foundation by virtue of its representation on the Board of Directors. The Foundations were established to raise funds for use in the respective community. The Foundations were continued under the Regional Health Authorities Act and are registered charities under the income Tax Act. Financial information for these foundations is as follows:

Note 21 Related Parties (continued)

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31,		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Lethbridge Regional Hospital Foundation	$ 280	$ 682	$ 4,497	$ 83
Taber and District Health Foundation	4	130	547	253
	$ 284	$ 812	$ 5,044	$ 336

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the Foundations.

Note 21 Related Parties (continued)

The value of administrative support provided to Foundations, and the accounts receivable from the Foundations at year end are as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31,		As at March 31,	
	2003	2002	2003	2002
Controlled Foundations:				
Crowsnest Pass Health Foundation	$ 14	$ 19	$ 12	$ 8
Cardston and District Health Foundation	14	19	1	-
North County Health Foundation	14	19	-	-
Fort Macleod and District Health Foundation	8	19	-	-
Windy Slopes Health Foundation	12	19	-	1
Other Foundations:				
Lethbridge Regional Hospital Foundation	180	180	101	96
Taber and District Health Foundation	14	19	-	-
	$ 256	$ 294	$ 114	$ 105

(c) Society of Friends of the Lethbridge Regional Hospital (the "Society")

The Authority significantly influences the Society through its provision of administrative and financial services and by representation on the Board. The Society is incorporated under the Societies Act of Alberta and operates the gift shop, telephone and television rentals, and other various fund-raising activities. All funds earned are used to support the activities of the Lethbridge Regional Hospital Site of the Authority by transferring funds through the Lethbridge Regional Hospital Foundation.

As at March 31, 2003, $32 (2002 - $40) was due to the Authority for net inter-entity transactions.

Note 21 Related Parties (continued)

(f) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2003				2002
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total	Total
Voluntary					
St. Michael's Health Centre	$ 9,395	$	$ 2,383	$ 11,778	$ 11,636
Coaldale Health Care Centre	3,808		506	4,314	4,494
Victorian Order of Nurses	88		30	118	132
Private					
Edith Cavell Nursing Home	4,691		1,413	6,104	5,818
Extendicare - Lethbridge	4,556		1,257	5,807	5,524
Extendicare - Fort Macleod	1,884	178	537	2,599	2,498
Designated Assisted Living					
Good Samaritan Society	1,491			1,491	
Home Care Providers	5,053			5,053	4,746
	$ 30,967	$ 178	$ 6,126	$ 37,266	$ 34,848
Reporting in the following expense categories					
Facility based inpatient acute services				$ 771	$ 748
Facility based emergency and outpatient services				602	589
Facility based continuing care services				17,979	17,334
Community and home based services				6,821	5,485
Diagnostic and therapeutic services				2,195	2,154
Administration				1,804	1,755
Information Technology				101	101
Support services				6,993	6,712
				$ 37,266	$ 34,848

The Authority has an economic interest in the above organizations

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $4,480 for the year ended March 31, 2003 (2002 – $4,046).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of $444,980 (2001 – surplus of $634,960).

Note 23 Commitments

The Authority is committed to future capital upgrade projects in the amount of $4,695.

The Authority has in place an exclusive supply agreement with Producers Marketing Ltd., which expires November 1, 2003. Pursuant to the agreement, Producers Marketing Ltd. is the exclusive supplier to the Authority of natural gas, at the Lethbridge Regional Hospital, for 1000 gigajoules per day from April 1 to October 31 and 1250 gigajoules per day from November 1 to March 31.

The Authority has entered into various commitments for the purchase of consumables, reagents and chemicals. The commitments expire at various dates to March, 2006.

Note 24 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 25 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $8,162 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the Regulation, the Authority used previously accumulated unrestricted net assets to offset the deficit.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Board of the Authority.

Note 27 Subsequent Event

On December 31, 2002, the Minister of Health and Wellness announced the divestment of the Alberta Mental Health Board to the Regional Health Authorities effective April 1, 2003.

The assets and liabilities of the Alberta Mental Health Board will be transferred to the Chinook Regional Health Authority at carrying value. These values are not readily available at this time.

Schedule 1

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Budget	2003	2002
Salaries, benefits, allowances and severance (Schedule 2)	$ 140,350	$ 139,879	$ 130,195
Contracts with health service operators (Note 21(f))	36,442	37,266	34,848
Drugs, gases, medical and surgical supplies	10,009	10,116	9,680
Other contracted services	18,105	16,473	13,530
Interest on long term debt	75	59	43
Other[1]	27,191	26,466	26,582
Amortization and gain/loss on disposal:			
Capital equipment - internally funded	2,748	2,197	2,360
Capital equipment - externally funded	2,826	2,761	2,593
Facilities and improvements	7,025	6,944	7,390
	244,771	242,161	227,221
Less amounts reported in ancillary operations (Note 16)	(1,149)	(1,311)	(1,201)
	$ 243,622	$ 240,850	$ 226,020

[1] Other
Included in other expense are the following:

Supplies	$ 13,085	$ 13,276	$ 13,194
Minor equipment and maintenance	5,339	5,755	5,317
Travel	2,865	3,222	3,236
Utilities	4,614	4,161	4,183
Other	1,288	52	652
	$ 27,191	$ 26,466	$ 26,582

CHINOOK REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003								2002				
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Subtotal	Severance[4] Number of Individuals	Severance[4] Amount	Total	Average	Number of Individuals[1]	Salaries, Benefits, Honoraria[2][3]	Severance[4]	Total
Authority/Member Compensation												
Chairperson												
Ady, Jack	1	$ 28	-	$ 28	-	-	$ 28		1	$ 11	-	$ 11
Eden, Frank	-	-	-	-	-	-	-		-	12	-	12
Members												
Bennett, Michael	-	-	-	-	-	-	-		-	2	-	2
Bergen, Peter	-	-	-	-	-	-	-		-	3	-	3
Bianchini, Aldo	-	-	-	-	-	-	-		-	6	-	6
Bier, Donna	-	16	-	16	-	-	16		-	7	-	7
Bishoff, Phyllis	-	9	-	9	-	-	9		-	5	-	5
Burnham, Richard C.	-	-	-	-	-	-	-		-	4	-	4
Elzinga, Ruth	-	13	-	13	-	-	13		-	3	-	3
Farr, James	-	9	-	9	-	-	9		-	6	-	6
Kelly, Inez	-	8	-	8	-	-	8		-	5	-	5
Kuksen, Stanley C.	-	-	-	-	-	-	-		-	8	-	8
Lowry, David	-	11	-	11	-	-	11		-	3	-	3
Marra, Sam	-	10	-	10	-	-	10		-	11	-	11
Olsen, Thorne	-	13	-	13	-	-	13		-	13	-	13
Pearson, Beverley	-	-	-	-	-	-	-		-	12	-	12
Reese, Hovey	-	7	-	7	-	-	7		-	2	-	2
Reh, Roy	-	8	-	8	-	-	8		-	5	-	5
Sanford, Arthur	-	8	-	8	-	-	8		-	5	-	5
Schindeler, Douglas J.	-	10	-	10	-	-	10		-	9	-	9
Williams, Richard	-	-	-	-	-	-	-		-	5	-	5
Total Honoraria	12	142	-	142	-	-	142		12	137	-	137
Staff Compensation												
Chief Executive Officer	1	236	36	272	-	-	272		1	267	-	267
Management reporting to CEO												
Vice President Medical Services	1	270	-	270	-	-	270		1	252	-	252
Vice President Community Health (MOH)	1	196	18	214	-	-	214		1	211	-	211
Senior Vice President	1	155	33	188	-	-	188		1	181	-	181
Vice President Finance & Administration	1	127	23	150	-	-	150		1	144	-	144
Vice President Support Services	1	24	5	29	1	257	286		1	134	-	134
Executive Director Corp. Comm. & Fund Raising	1	97	18	115	-	-	115		1	113	-	113
Management reporting to above	$ 107	2,357	490	2,847	2	104	2,951	$ 104	1	2,903	299	3,202
Other Management	90	95,119	7,231	1,343	5	234	8,804	85	29	8,392	-	8,392
Medical Doctors	58	43,111	2,346	174	-	-	2,520	56	99	2,200	-	2,200
Regulated Nurses	70	898,02	52,628	9,587	2	8	62,215	65	39	57,720	-	57,720
Other Health Technical and Professionals	73	348,20	21,498	3,814	3	20	25,312	66	892	22,104	-	22,104
Unregulated Health Service Providers	34	161,26	4,641	844	2	163	5,648	32	337	5,610	-	5,610
Other Staff	39	277,57	25,928	4,736	15	96	30,760	37	176	29,527	1	29,528
Total Staff Compensation		2,347,61	117,734	21,121	31,964	1,157	139,977		2,396	129,756	300	130,056
Total		2,359,01	$ 117,876	$ 21,121	$ 138,997	$ 882	$ 139,879		2,178	$ 129,895	$ 300	$ 130,195

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003

1) The average number of individuals is calculated based on a total worked and benefit hour, excluding overtime, for a classification divided by the number of hours in a standard work year, except for named individuals. The number of hours in a standard work year, by classification, is as follows:

Category	Number of Hours	
	Hospital	Community
Other management	2,023	2,023
Medical doctors	2,023	-
Regulated nurses	1,920	2,023 and 1,920
Other health technical and professionals	2,023	1,827
Unregulated health service providers	2,023	1,827
Other staff	2,023 and 2,088	2,023 and 1,827

Total actual discrete number of individuals employed March 31, 2003 was 3,582 (2002 - 3,576).

2) Salaries include regular base pay, overtime, lump sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability and vacation.

3) Benefits and Allowances include the employers share of all employee benefits and contributions or payments paid or payable on behalf of employees including pension, health care, dental and vision coverage, out-of-country medical benefits, group life insurance accidental death and dismemberment, long-term and short-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car allowance, professional membership and recruitment and relocation expenses.

4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5) Severance includes all monies paid or payable directly or on behalf of an employee upon termination that do not relate to salaries and benefits. The number of individuals receiving severance's disclosed in the schedule is the discrete number of individuals.

6) Average salary and benefits amounts exclude severance payments.

7) The total amount is reported in Schedule 1.

Palliser
#2

PALLISER HEALTH REGION

FINANCIAL STATEMENTS

March 31, 2003

Statement of Management Responsibility
Auditors' Report
Statement of Financial Position
Statement of Operations
Statement of Changes in Net Assets
Statement of Cash Flows
Notes to the Financial Statements
Schedule 1 - Schedule of Expenses by Object
Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

PALLISER HEALTH REGION
STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
Financial Statements
March 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Palliser Health Region Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained and assets are adequately accounted for and safeguarded. Palliser has also established a code of ethics and corporate directives, which require communication of the code to employees.

Palliser's board members carry out their responsibility for the financial statements through the Corporate Services Committee. This Committee meets with management and the external auditors, Johnston Morrison Hunter & Co. LLP to discuss and review financial matters, and recommends the financial statements to the Palliser Health Region Board for approval. The external auditors have full and free access to the Corporate Services Committee.

The external auditors Johnston Morrison Hunter & Co. LLP, provide an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Tom Seaman
President

Richard Van Orman
Vice President, Corporate Support Services

JOHNSTON MORRISON HUNTER & Co. LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE MEMBERS OF THE PALLISER HEALTH REGION AND THE MINISTER OF ALBERTA HEALTH AND WELLNESS.

We have audited the statement of financial position of the **Palliser Health Region** as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of Palliser's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Palliser Health Region as at March 31, 2003 and the results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Johnston Morrison Hunter & Co. LLP

CHARTERED ACCOUNTANTS

MEDICINE HAT, ALBERTA
MAY 16, 2003

PALLISER HEALTH REGION
STATEMENT OF FINANCIAL POSITION
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current assets:		
Cash and short-term investments (note 3)	$7,200	$10,059
Accounts receivable	2,536	1,981
Contributions receivable	629	2,199
Inventories	745	735
Prepaid expenses	470	332
	11,580	15,306
Non-current investments (note 4)	24,502	21,849
Non-current advance - continuing care partnership project (note 5)	6,674	6,958
Capital assets (note 6)	71,157	74,509
	$113,913	$118,622
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accruals (note 7)	$11,445	$9,841
Accrued vacation pay	5,295	5,066
Deferred contributions (note 8)	2,610	4,482
	19,350	19,389
Deferred contributions - continuing care partnership project (note 5)	6,674	6,958
Unamortized external capital contributions (note 9)	66,757	70,063
Net assets:		
Unrestricted	1,249	2,641
Internally restricted (note 10)	15,483	15,125
Invested in capital assets	4,400	4,446
	21,132	22,212
	$113,913	$118,622

The accompanying notes and schedules are part of these financial statements.

PALLISER HEALTH REGION
STATEMENT OF OPERATIONS
Year ended March 31, 2003
(thousands of dollars)

	Budget	2003 Actual	2002 Actual
	(unaudited - note 11)		
Revenue:			
Alberta Health and Wellness contributions (note 12)	*$112,479*	$112,479	$106,617
Other government contributions (note 13)	*3,504*	3,504	3,954
Fees and charges (note 14)	*11,832*	12,262	10,602
Ancillary operations, net (note 15)	*171*	337	251
Donations	*300*	520	185
Investment and other income (note 16)	*2,143*	2,468	2,359
Amortization of external capital contributions (note 9)	*3,965*	6,080	4,809
	134,394	137,650	128,777
Expenses (schedule 1):			
Facility-based inpatient acute care services	*34,817*	35,383	32,259
Facility-based emergency and outpatient services	*6,534*	6,529	6,115
Facility-based continuing care services	*17,593*	16,837	17,935
Community and home-based services	*14,043*	12,601	10,183
Diagnostic and therapeutic services	*24,016*	24,312	22,266
Promotion, prevention and protection services	*3,694*	3,848	3,842
Administration (note 17)	*6,295*	5,718	5,273
Information technology	*1,757*	1,655	2,214
Support services (note 18)	*26,442*	27,641	26,925
Amortization of facilities and improvements	*3,203*	4,206	3,171
	138,394	138,730	130,183
Excess (deficiency) of revenue over expenses	*($4,000)*	($1,080)	($1,406)
		A	B

Footnote A - Deficiency of Revenue over Expenses for 2003 of ($1,080)
The deficiency of revenue over expenses is principally a result of one-time costs associated with service reductions and a facility closure, as per the 2003 business plan.

Footnote B - Deficiency of Revenue over Expenses for 2002 of ($1,406)
The deficiency of revenue over expenses is principally a result of one-time renovation projects and a computer network upgrade that were completed in 2002 from funds reserved in previous years.

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PALLISER HEALTH REGION
STATEMENT OF CHANGES IN NET ASSETS
Year ended March 31, 2003
(thousands of dollars)

	Unrestricted	Internally Restricted (Note 10)	Invested in Capital Assets	2003 Total	2002 Total
Excess (deficiency) of revenue over expenses	($1,080)			($1,080)	($1,406)
Capital assets purchased with internal funds (net of disposals)	(1,020)		1,020	0	0
Amortization on internally funded capital assets	1,066		(1,066)	0	0
Net change	(1,034)	0	(46)	(1,080)	(1,406)
Transfer to / from Internally Restricted	(358)	358		0	0
Net assets, beginning of year	2,641	15,125	4,446	22,212	23,618
Net assets, end of year	$1,249	$15,483	$4,400	$21,132	$22,212

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PALLISER HEALTH REGION
STATEMENT OF CASH FLOWS
Year ended March 31, 2003
(thousands of dollars)

	Budget	2003 Actual	2002 Actual
	(unaudited - note 11)		
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	(84,000)	(81,080)	(81,406)
Non cash transactions:			
Amortization of capital equipment - internally funded	1,433	1,066	1,217
Amortization of capital equipment - externally funded	762	1,590	1,496
Amortization of facilities and improvements	3,232	4,235	3,200
Amortization of continuing care partnership project		284	142
Amortization of external capital contributions (note 9)	(3,994)	(6,109)	(4,838)
Change in non-cash working capital		828	(59)
	(2,567)	814	(248)
Investing activities:			
Purchase of capital assets:			
Internally funded - equipment	(1,433)	(1,020)	(58)
Externally funded - equipment	(500)	(601)	(5,041)
Externally funded - facilities and improvements	(2,700)	(1,918)	65
Continuing care partnership project			(7,100)
Purchase of non-current investments		(7,386)	(6,143)
Proceeds on sale of non-current investments		4,733	3,653
	(4,633)	(6,192)	(14,624)
Financing activities:			
Capital contributions received	3,200	2,519	12,076
	3,200	2,519	12,076
Increase (decrease) in cash and short-term investments	(4,000)	(2,859)	(2,796)
Cash and short-term investments, beginning of year	7,106	10,059	12,855
Cash and short-term investments, end of year	$3,106	$7,200	$10,059

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003
(thousands of dollars)

1. Authority, Purpose and Operations

The Palliser Health Region ("Palliser") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. Palliser is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

Palliser is responsible for the delivery of appropriate, accessible and affordable health services in south-eastern Alberta ("the Region"). This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of Palliser include the following facilities and sites:

Alfred Egan Home (Bow Island)
Bassano Health Centre
Bow Island Health Centre
Bow Island Community Health Office
Brooks Health Centre
Brooks Home Care Office
Empress Health Centre
Medicine Hat Regional Hospital
Medicine Hat Community Health Office - Dunmore Road
Oyen Big Country Hospital and Health Office

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the Region, except to the extent disclosed in Note 21.

2. Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies:

a) Revenue Recognition

(i) Unrestricted Non-Capital Contributions

Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Restricted Non-Capital Contributions

Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

2. Significant Accounting Policies and Reporting Practices (continued)

(iii) Restricted Contributions – Continuing Care Partnership Projects

Externally restricted contributions received for the construction of continuing care facilities in the Region operated by voluntary private health service contract operators are recorded as Deferred Contributions – Continuing Care Partnership Project and are recognized as revenue in the periods in which the related amortization expense of the funded Non-current Advance – Continuing Care Partnership Project is recorded.

(iv) Restricted Capital Contributions

Externally restricted capital contributions are recorded as Deferred Contributions until the contribution is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized External Capital Contributions.

Unamortized External Capital Contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

Externally restricted capital contributions for the purchase of land are recorded as direct increases to Investment in Capital Assets.

Investment income subject to external restrictions is deferred and recognized as revenue in the year the related expenses are incurred.

(v) Asset and Service Contributions

Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Volunteers contribute a significant amount of time each year to assist Palliser in carrying out its programs and services. Because of the difficulty of determining their fair value, contributed services of volunteers are not reported in these financial statements.

b) Services Contracted from Voluntary and Private Health Operators

Palliser accounts for all revenues and costs related to services carried out for which it is responsible.

Palliser contracts with voluntary and private operators to provide health services in the region. Where funding for such services is paid directly to the voluntary or private agency by Alberta Health and Wellness, the amount of such funding is reflected as Alberta Health and Wellness contributions and an equivalent amount is recorded as contracted health service expense of Palliser.

Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of Palliser. An equivalent amount is recorded as contracted health service expense of Palliser.

2. Significant Accounting Policies and Reporting Practices (continued)

c) Employee Future Benefits

Palliser participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for Palliser's participating employees, based on years of service and earnings. Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which Palliser has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer's contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. Palliser does not record its portion of the pension plan's deficit or surplus.

Palliser fully accrues its obligations for employee non-pension future benefits.

d) Investments

Short-term investments are recorded at the lower of cost and market value.

Non-current investments are recorded at cost unless there has been a permanent reduction in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized using the straight-line method over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items. It is management's opinion that Palliser is not exposed to significant interest, currency or credit risks arising from these financial instruments, except as disclosed in these financial statements.

f) Inventories

Inventories are valued at the lower of cost or net realizable value, with cost determined by the average cost method. In common with general industry practice, inventories are expensed when issued from central inventory locations to the end user departments.

g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

2. Significant Accounting Policies and Reporting Practices (continued)

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

i) Measurement Uncertainty - Use of Estimates and Assumptions

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, Palliser is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if Palliser ceases to be part of the GST free list of the Alberta Government.

3. Cash and Short-Term Investments

	2003	2002
Cash	$ 1,814	$ 6,047
Bonds	4,943	3,584
Interest receivable	443	428
	$ 7,200	$ 10,059

Cash has an effective yield related to prime interest rate. Bonds have effective yields of 5.10% to 7.50% (2002 – 5.35% to 6.77%).

Cash and short-term investments have a market value approximately equal to their cost. Valuation of bonds has been obtained from independent brokerage firms.

4. Non-Current Investments

Palliser pools its investment funds with Health Foundations within the Region. The investments are held in Palliser's name and consist of the following:

	2003	2002
Bonds	$ 28,334	$ 25,597
Less Health Foundations' funds	(3,832)	(3,748)
	$ 24,502	$ 21,849

Bonds have effective yields of 4.22% to 11.30% (2002 – 4.64% to 11.30%).

Total pooled funds have a market value of $870 greater than book value (2002 - $191 greater than book value). Valuation of bonds has been obtained from independent brokerage firms.

At the fiscal year end, the investments have the following maturity structure:

	2003	2002
1 to 5 years	45%	30%
6 to 10 years	34%	46%
11 to 15 years	21%	24%
	100%	100%

5. Non-Current Advance – Continuing Care Partnership Project

Funds received from Alberta Infrastructure and advanced for the construction of continuing care facilities in the Region, operated by voluntary/private health service contract operators, are recorded as a non-current advance.

Palliser uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. Under this model, Palliser finances the capital construction costs and extends an advance, which is secured by the facility and is forgivable for services rendered by the owner over the 25 year life of the facility. The funding received is recorded as Deferred Contributions – Continuing Care Partnership Project and a portion is included in revenue with an offsetting expense in accordance with the accounting policies for restricted contributions described in Note 2 (a) (iii).

During 2002, funding of $7.1 million was received from Alberta Infrastructure and advanced to the Good Samaritan Society for the construction of the 80 bed Southridge Village Project.

6. Capital Assets

	Cost	Accumulated Amortization	2003 Net Book Value	2002 Net Book Value
Land	$ 852	$ -	$ 852	$ 852
Buildings	109,277	53,677	55,600	57,906
Land improvements	2,533	2,294	239	348
Building service equipment	13,194	10,614	2,580	2,904
Vehicles and equipment	21,690	11,919	9,771	10,807
Construction projects in progress	2,115	-	2,115	1,692
	$ 149,661	$ 78,504	$ 71,157	$ 74,509

Buildings – the 2003 values for accumulated amortization and net book value include a write down of $955, representing a reduction in the carrying value of the disused Empress continuing care facility to estimated net realizable value.

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (Unamortized External Capital Contributions)	$ 66,757	$ 70,063
Internally funded (Invested in Capital Assets)	4,400	4,446
	$ 71,157	$ 74,509

7. Accounts Payable and Accrued Liabilities

	2003	2002
Funds held for third parties – interest bearing	$ 618	$ 600
Funds held for third parties – non-interest bearing	1,425	1,102
Trade payables, payroll and other liabilities	9,402	8,139
	$ 11,445	$ 9,841

8. Deferred Contributions

Deferred contributions reflect transactions accounted for in accordance with the accounting policies for restricted non-capital and capital contributions described in Note 2 (a) (ii) (iii) and (iv).

	2003	2002
Deferred contributions, beginning of year	$ 4,482	$ 6,377
Amounts received (net of prior year receivable):		
Alberta Health and Wellness contributions	780	1,022
Other government contributions	644	8,714
Donations	130	454
Amounts receivable:		
Alberta Health and Wellness contributions	320	500
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(500)	(500)
Other Government Contributions	(727)	(9)
Amounts transferred to:		
Deferred contributions - continuing care partnership (note 5)	-	(7,100)
Unamortized External Capital Contributions (note 9)	(2,519)	(4,976)
Deferred contributions, end of year	$ 2,610	$ 4,482

Deferred Contributions, end of year, represent amounts externally restricted for the following purposes:

	2003	2002
Continuing Care (Healthy Aging Partnership Initiative)	$ 202	$ 929
Capital - renovation projects (Alberta Infrastructure grants)	1,294	2,568
Equipment and Information Systems	326	266
Geriatric Assessment Unit (Health Innovation funding)	469	719
Transition, Privacy and Security (Alberta Health & Wellness grants)	319	-
	$ 2,610	$ 4,482

9. Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a) (iv). The balance at the end of year represents external capital contributions that will be recognized as revenue in future years when the related capital asset amortization expense is recorded.

	2003	2002
Unamortized external capital contributions, beginning of year	$ 70,063	$ 69,783
Amounts transferred from:		
Deferred Contributions (note 8)	2,519	4,976
Amounts recognized as revenue:		
Amortization of External Capital Contributions, relating to capital assets	(5,796)	(4,667)
Ancillary operations	(29)	(29)
Unamortized external capital contributions, end of year	$ 66,757	$ 70,063

Amortization of external capital contributions, included in revenue for the year, is as follows:

	2003	2002
Continuing Care Partnership (note 5)	$ 284	$ 142
Capital Assets (above)	5,796	4,667
	$ 6,080	$ 4,809

10. Internally Restricted Net Assets

Palliser has internally restricted the following:

	2003	2002
Commitments to identified capital equipment items	$ 1,483	$ 1,125
Future capital equipment replacement	14,000	14,000
	$ 15,483	$ 15,125

11. Budget (unaudited)

	Approved Budget (a)	Additional Funding (b)	Adjust-ments (c)	Reported Budget
Revenue:				
Alberta Health and Wellness contributions	$111,735	$744		$112,479
Other government contributions	2,750	754		3,504
Fees and charges	11,832			11,832
Net ancillary operations	171			171
Donations	300			300
Investment and other income	2,143			2,143
Amortization of external capital contributions	3,965			3,965
	132,896	1,498	0	134,394
Expenses:				
Facility-based inpatient acute care services	34,090	377	350	34,817
Facility-based emergency & outpatient services	6,428	6	100	6,534
Facility-based continuing care services	15,477	16	2,100	17,593
Community and home-based services	14,031	12	0	14,043
Diagnostic and therapeutic services	23,162	154	700	24,016
Promotion, prevention and protection services	3,451	113	130	3,694
Administration	6,225	0	70	6,295
Information technology	1,757	0	0	1,757
Support services	25,072	820	550	26,442
Amortization of facilities and improvements	3,203			3,203
Transition costs	4,000		(4,000)	0
	136,896	1,498	0	138,394
Excess (deficiency) of revenue over expenses	($4,000)	$0	$0	($4,000)

(a) **Approved Budget** - The budget was approved by the Palliser Health Region Board in April 2002 and approved by the Minister for Health and Wellness.

(b) **Additional Funding** - Over the course of the fiscal year, the Minister provided additional funding. These additional resources were allocated by the Board to address funding expectations.

(c) **Adjustments** - Budget figures have been reclassified to allocate budgeted transition costs to the program to which they relate.

12. Alberta Health and Wellness Contributions

	2003	2002
Unrestricted and restricted contributions	$ 111,776	$ 105,914
Transfers from deferred contributions (note 8)	500	500
Restricted contributions made directly by Alberta Health and Wellness to contract operators	203	203
	$ 112,479	$ 106,617

13. Other Government Contributions

	2003	2002
Alberta Infrastructure - grants for non-capital renovation projects	$ 293	$ 1,570
Persons with Developmental Disabilities – funding for the Alfred Egan Home residential facility	2,484	2,375
Transfers from deferred contributions – HAPI funding (note 8)	727	9
	$ 3,504	$ 3,954

14. Fees and Charges

	2003	2002
Acute Care:		
Non-entitled revenue – inpatients	$ 3,764	$ 2,812
Non-entitled revenue – outpatients	1,980	1,930
Continuing Care:		
Non-entitled revenue	6,518	5,860
	$ 12,262	$ 10,602

15. Ancillary Operations

	Non-patient Food Services	Other Ancillary Operations	2003 Total	2002 Total
Revenue:				
Operating revenue	$ 705	$ 562	$ 1,267	$ 1,294
Amortization of external capital contributions		29	29	29
Direct Expenses:				
Other expenses	(705)	(219)	(924)	(1,041)
Amortization	(6)	(29)	(35)	(31)
Excess of revenue over expenses	($ 6)	$ 343	$ 337	$ 251

Ancillary operations consist of the sale of goods and services that are not related to the direct provision of health services. Other Ancillary Operations include rental operations (RRC building), supported independent living (Bow Island) and parking operations (Medicine Hat).

16. Investment and Other Income

	2003	2002
Investment income	$ 1,900	$ 1,844
Other income	568	515
	$ 2,468	$ 2,359

Investment income comprises interest, amortization of discounts and premiums and net gains on disposal of investments.

Other income comprises WCB compensation, rental income and miscellaneous recoveries.

17. Administration

	2003	2002
General administration	$ 2,570	$ 2,405
Finance	1,145	967
Personnel	1,039	1,062
Administration – contract operators (note 21)	964	839
	$ 5,718	$ 5,273

18. Support Services

	2003	2002
Building maintenance, operations and security	$ 8,692	$ 9,284
Education	1,087	830
Housekeeping	2,833	2,795
Laundry and linen	1,225	1,286
Materials management	1,763	1,713
Patient food services	3,481	3,536
Patient health records	1,305	1,250
Patient registration	1,073	1,206
Patient transportation	822	847
Other	96	88
Support services – contract operators (note 21)	5,264	4,090
	$ 27,641	$ 26,925

19. Related Party – Province of Alberta and Other Health Authorities

Palliser is established under the Regional Health Authorities Act. At March 31, 2003, two thirds of the Board members of Palliser were elected. The Minister of Health and Wellness appoints the remaining Board members. Palliser is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between Palliser and the Province are disclosed in the Statement of Operations and in notes 12 and 13 to the financial statements.

Palliser shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between Palliser and other health authorities are conducted on normal commercial terms, are not material to the financial statements of Palliser and are reported in the appropriate expense classification in the Statement of Operations.

PALLISER HEALTH REGION
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2003
(thousands of dollars)

20. Related Parties - Community Health Foundations

Palliser formed six Foundations in 1996 and has the ability to appoint two of Palliser's Members to each Foundation board. Under Ministerial Order #50/2003, the Empress and District Health Foundation was wound up effective March 31, 2003 and all of its assets and liabilities were transferred to the Palliser Health Region in trust for the health care needs of Empress and District residents.

The Foundations were incorporated under the Regional Health Authorities Act and are registered charities under the Income Tax Act. The Foundations primary activities are to raise funds for the improvement of health care services within their respective communities.

The Foundations are not consolidated in the financial statements of Palliser.

Palliser provides certain fundraising, financial services and administrative support to the Foundations. Because of the difficulty in determining its fair value, this assistance is not reported in the financial statements.

Resources held by the Foundations at the end of the year, representing funds which must be used for specific communities, are as follows:

	Unrestricted	Externally Restricted	2003 Total	2002 Total
Bassano & District Health Foundation	$	$ 17	$ 20	$ 53
Bow Island & District Health Foundation	3,10	27	37	47
Brooks & District Health Foundation	225	52	277	290
Empress & District Health Foundation	-	-	-	15
Medicine Hat & District Health Foundation	2,939	489	3,428	3,292
Oyen & District Health Care Foundation	52	8	60	58
	$ 3,229	$ 593	$ 3,822	$ 3,755

Contributions received by Palliser during the year, representing the purchase cost of capital and non-capital items selected by the Foundations, are as follows:

	2003	2002
Bassano & District Health Foundation	$ 58	$ 19
Bow Island & District Health Foundation	54	63
Brooks & District Health Foundation	136	59
Empress & District Health Foundation	-	-
Medicine Hat & District Health Foundation	375	478
Oyen & District Health Care Foundation	27	20
	$ 650	$ 639

21. Related Parties - Voluntary and Private Health Service Contract Operators

Palliser contracts with voluntary and private health service operators to provide health services in the Region. Transactions between Palliser and health service operators are conducted on normal commercial terms and the amounts of the contracted health services for the year are as follows:

Facility Name	Direct Region Funding	Direct Alberta Health Funding	Approved Patient Fees & Charges	2003 Total	2002 Total
Voluntary operators:					
South Country Village	$ 3,576		$ 1,300	$ 4,876	$ 4,704
Community Care Homes	2,829		950	3,779	2,083
Private operators:					
Central Park Lodge	4,926	203	1,700	6,829	6,395
Medicine Hat Diagnostic Lab	3,768			3,768	3,447
Community Care Homes	1,726		450	2,176	1,997
Other	992			992	1,094
	$ 17,817	$ 203	$ 4,400	$ 22,420	$ 19,720

The payments to contract operators have been reported in the following expense categories:

	2003	2002
Facility based continuing care services	$ 7,398	$ 7,139
Community and home-based services	3,713	2,834
Diagnostic and therapeutic services	4,674	4,331
Promotion, prevention and protection services	407	487
Administration	964	839
Support services	5,264	4,090
	$ 22,420	$ 19,720

22. Pension Costs

Palliser participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to Palliser's annual contributions payable of $2,581 for the year ended March 31, 2003 (2002 - $2,356).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficiency of $445 million (December 31, 2001 - actuarial surplus of $635 million).

23. Commitments and Contingencies

Palliser has entered into various multi-year commitments for the purchase of consumables, reagents and chemicals. Also, Palliser contracts on an ongoing basis with voluntary and private health service operators to provide health services. These commitments have contracts terms varying from one to eight years in length, are part of the ordinary course of operations and are contracted for in upcoming years on similar terms to those in effect for the current fiscal year.

In the normal course of operations, various claims and lawsuits are brought against Palliser. Palliser has determined that there will be no material adverse effect on its financial position from these claims.

At March 31, 2003, Palliser and the Health Science Association of Alberta (HSAA) have not yet agreed on contract terms covering HSAA staff for the period from April 1, 2002 to March 31, 2003. For fiscal 2003, Palliser has recorded an accrual for its best estimate of the contract settlement costs. The actual contract settlement costs are not known but are not expected to be materially different from the recorded accrual.

24. Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced from seventeen to nine, effective April 1, 2003.

The boundary adjustment will have a minor effect on Palliser by increasing the population served by approximately 1.3% effective April 1, 2003. All of the assets, liabilities and net assets of Palliser Health Region at March 31, 2003 will continue to be held by Palliser Health Region at April 1, 2003.

25. Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

26. Approval of Financial Statements

These financial statements have been approved by the Palliser Health Region Board.

PALLISER HEALTH REGION **Schedule 1**

SCHEDULE OF EXPENSES BY OBJECT

Year ended March 31, 2003

(thousands of dollars)

	Budget (unaudited - note 11)	2003 Actual	2002 Actual
Salaries, benefits, allowances & severance (schedule 2)	882,286	$81,015	$76,690
Contracts with health service operators (note 21)	23,048	22,420	19,720
Drugs, gases, medical and surgical supplies	5,831	6,270	5,872
Other contracted services	6,950	6,941	5,912
Other expenses	15,852	15,868	17,006
Amortization:			
Capital equipment - internally funded	1,433	1,066	1,217
Capital equipment - externally funded	762	1,590	1,496
Facilities and improvements	3,232	4,235	3,200
Continuing care partnership project	0	284	142
Less amounts reported in ancillary operations (note 15)	(1,000)	(959)	(1,072)
	$138,394	$138,730	$130,183

PALLISER HEALTH REGION **Schedule 2(a)**

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

Year ended March 31, 2003

(thousands of dollars)

	2003						2002					
	FTE (a)	Salaries and Honoraria (b)	Benefits and Allowances (c)	Severance (d)	Total	Average salaries & benefits	FTE (a)	Salaries, Benefits & Allowances (b)	(c)	Severance (d)	Total	Average salaries & benefits
Board Members Compensation:												
Len Mitzel (Chair)		$32			$32			$21			$21	
Jim Black		10			10			6			6	
John Boksteyn								17			17	
Hugh English		8			8			4			4	
Larry Gillespie								4			4	
Jim Hern		7			7			10			10	
Leo Hill		8			8			5			5	
Albert McFadyen		13			13			9			9	
Leva Olstad		11			11			10			10	
Dorothy Patry								5			5	
Audrey Redmond								3			3	
Lynne Sangster		9			9			7			7	
Ken Sauer		9			9			8			8	
Carol Secondiak		13			13			9			9	
Martin Shields		9			9			5			5	
Rod Sommerfeld		8			8			5			5	
Ann Zukowski								3			3	
		$137			$137			$131			$131	
Staff:												
President / Chief Executive Officer	1.0	175	26		201		1.0	198			198	
Senior Vice President Health Services	1.0	129	20		149		1.0	147			147	
Vice President Corporate / Support Services	1.0	116	18		134		1.0	136			136	
Vice President Community Health	1.0	105	18		123		1.0	117			117	
Regional Chief of Staff	0.9	222			222		0.8	205			205	
Other Management reporting to those above	25	2,053	356		2,409	$96	25	2,287			2,287	$91
Other Management	40	3,074	534	56	3,664	$90	40	3,406			3,406	$85
Regulated Nurses not included above	500	30,459	5,287	163	35,909	$71	516	33,737			33,737	$65
Other Health Technical & Professional	152	8,549	1,484		10,033	$66	151	9,705		39	9,744	$64
Unregulated Health Service Providers	157	4,508	782		5,290	$34	184	5,807			5,807	$32
Other Staff	535	19,277	3,346	121	22,744	$42	545	20,775			20,775	$38
	1,411	$68,804	$11,871	$340	$81,015		1,466	$76,651		$39	$76,690	

The accompanying notes (a) to (d) are part of this Schedule

PALLISER HEALTH REGION **Schedule 2(b)**

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES & SEVERANCE - NOTES

Year ended March 31, 2003

(thousands of dollars)

(a) FTE

Full time equivalent (FTE) has been determined at the rate of 2,023 annual hours for each full time employee.

Full time equivalent for Board Members has not been calculated as these individuals are remunerated on a stipend basis.

The total actual discrete number of individuals employed during the year was 2,298 (2002 - 2,370).

(b) Salaries and Honoraria

Salaries and honoraria include regular base pay, overtime, lumpsum payments, shift differential, honoraria, sick leave, vacation leave earned and other remuneration.

Medical doctors' salaries represent payments for administrative and medical services. These include fees for medical interpretation, assessment and procedures and payments for departmental administration and teaching.

(c) Benefits and Allowances

Benefits and allowances represent employer contributions or payments made on behalf of employees including:

- Employment insurance
- Canada pension plan
- Provincial pension plan
- Workers compensation
- Health and dental coverage
- Long term and short term disability plans
- Accidental death and dismemberment plans
- Group life insurance

(d) Severance

Severance includes all amounts paid directly or indirectly to individuals upon termination, which are not included in salaries, honoraria, benefits and allowances.

The severance recorded during the year represents payments to 18 employees (2002 - 2).

Headwaters
#3

Headwaters Health Authority

Financial Statements

March 31, 2003

HEADWATERS HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2003

Auditor's Report

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

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Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

AUDITOR GENERAL *Alberta*

AUDITOR'S REPORT

To the Members of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the statement of financial position of the Headwaters Health Authority ("the Authority") as at March 31, 2003 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 17, 2003

HEADWATERS HEALTH AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY
MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Calgary Health Region on behalf of the former Authority (Note 27). The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation and are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority had established a code of ethics and corporate directives, which required communication of the code to employees.

The Calgary Health Region members carry out their responsibility for the financial statements through the Finance and Audit Committee. This committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Calgary Health Region Board for approval. The Auditor General has full and free access to the Finance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Jack Davis
President & Chief Executive Officer

Kay Best
Vice President, Risk Management
& Chief Financial Officer

HEADWATERS HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash	$7,154	$6,335
Accounts receivable (Note 3)	752	1,707
Inventories	684	727
Prepaid expenses	354	480
	8,944	9,249
Non-current assets (Note 4)	9,314	14,247
Capital assets (Note 5)	34,684	33,513
	$52,942	$57,009
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$5,318	$4,606
Accrued vacation pay	2,974	2,679
Deferred contributions (Note 7)	1,628	1,751
	9,920	9,036
Deferred capital contributions (Note 8)	9,314	13,116
Unamortized external capital contributions (Note 9)	29,809	28,417
	49,043	50,569
Net assets:		
Unrestricted	(976)	-
Internally restricted (Note 10)	-	1,344
Investment in capital assets	4,875	5,096
	3,899	6,440
	$52,942	$57,009

Commitments (Note 26)

The accompanying notes and schedules are part of these financial statements.

HEADWATERS HEALTH AUTHORITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 11)	Actual	Actual
Revenue:			
Alberta Health and Wellness contributions (Note 12)	$61,330	$61,997	$59,151
Other government contributions (Note 13)	1,943	1,950	2,169
Fees and charges (Note 14)	7,750	7,661	7,315
Ancillary operations, net (Note 15)	140	146	127
Donations	210	197	375
Investment and other income (Note 16)	6,464	2,226	1,969
Amortization of external capital contributions (Note 9)	2,549	2,698	2,271
	80,386	76,875	73,377
Expenses (Schedule 1):			
Facility based inpatient acute services	14,864	12,965	12,364
Facility based emergency and outpatient services	5,298	6,232	5,067
Facility based continuing care services (Note 17)	11,462	11,857	11,719
Community and home based services	5,799	5,277	5,531
Diagnostic and therapeutic services	12,888	12,828	12,169
Promotion, prevention and protection services	3,098	3,231	2,784
Administration (Note 18)	5,328	5,550	4,877
Information management, systems and technology (Note 19)	2,314	2,452	1,553
Support services (Note 20)	17,416	17,083	16,341
Amortization of facilities and improvements	1,919	1,941	1,924
	80,386	79,416	74,329
Deficiency of revenue over expenses	$-	$(2,541)	$(952)

HEADWATERS HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 11)	Actual	Actual
Operating Activities:			
Deficiency of revenue over expenses	$-	$(2,541)	$(952)
Non-cash transactions:			
Amortization of capital assets:			
Equipment – internally funded	841	749	535
Equipment – externally funded	761	666	440
Facilities & improvements – internally funded	108	97	127
Facilities & improvements – externally funded	1,812	1,848	1,855
Writedown of equipment	-	478	-
Amortization of external capital contributions (Note 9)	(2,573)	(2,700)	(2,295)
	949	(1,403)	(290)
Changes in non-cash working capital (Note 22)	350	2,008	537
Cash generated from operations	1,299	605	247
Investing activities:			
Purchase of capital assets:			
Equipment – internally funded	(1,000)	(917)	(310)
Equipment – externally funded	(990)	(1,275)	(1,980)
Facilities & improvements – internally funded	-	-	(7)
Facilities & improvements – externally funded	(9,230)	(2,817)	(233)
Net change in non-current assets	4,771	4,933	(11,592)
Cash used by investing activities	(6,449)	(76)	(14,122)
Financing activities:			
Capital contributions received (Note 8)	5,500	290	14,041
Cash generated from financing activities	5,500	290	14,041
Increase in cash	350	819	166
Cash, beginning of year	5,996	6,335	6,169
Cash, end of year	$6,346	$7,154	$6,335

HEADWATERS HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003				2002			
	Unrestricted	Internally Restricted (Note 10)	Invested in Capital Assets	Total	Unrestricted	Internally Restricted (Note 10)	Invested in Capital Assets	Total
Deficiency of revenue over expenses	$(2,541)	$-	$-	$(2,541)	$(952)	$-	$-	$(952)
Capital assets purchased with internal funds	(917)	-	917	-	(317)	-	317	-
Amortization of internally funded capital assets	1,138	-	(1,138)	-	662	-	(662)	-
Net change	(2,320)	-	(221)	(2,541)	(607)	-	(345)	(952)
Transfers from internal restrictions	1,344	(1,344)	-	-	494	(494)	-	-
Balance beginning of year	-	1,344	5,096	6,440	113	1,838	5,441	7,392
Balance, end of year	$(976)	$-	$4,875	$3,899	$-	$1,344	$5,096	$6,440

HEADWATERS HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Headwaters Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

- Canmore General Hospital
- Claresholm General Hospital
- High River General Hospital
- Little Bow Continuing Care Centre
- Oilfields General Hospital
- Vulcan Community Health Centre
- Willow Creek Continuing Care Centre
- Banff Public Health
- Canmore Public Health
- Claresholm Public Health and Community Care
- High River Public Health
- Nanton Community Health Centre
- Okotoks Public Health and Community Care
- High River Community Care

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 23 (d).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies.

(a) Revenue Recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is expended on capital assets. Amounts expended representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or deferred and recognized as revenue in the year proportional to the related expenses incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services carried out for which it is responsible. The fair value of costs of services is recorded. The fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges and an equivalent amount is recorded as program expenses as this revenue funds part of the cost of the Authority's health programs.

(ii) Payments made by Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions and an equivalent amount is recorded as program expenses as contract payments from the Authority do not include an amount for the use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses as contract payments from the Authority do not include an amount for the use of these facilities.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Authority does not record its portion of the pension plan's deficit or surplus.

The Authority also participates in defined contribution pension plans for employees at one facility and for two employee groups at all facilities.

The Authority accrues its obligations for employee non-pension future benefits.

(d) Financial Instruments

The carrying value of accounts receivable and accounts payable and accrued liabilities approximates their fair value because of the short-term maturities of these items.

(e) Inventories

Inventories are valued at the lower of cost (first in first out) or net realizable value.

(f) Capital Assets

Capital assets are recorded at cost. Purchases less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis:

	Useful Life
Land improvements	20 years
Buildings	40 years
Building service equipment	20 years
Furniture, equipment and software	5-20 years

Amortization of software under development and construction in progress will commence when the assets are substantially complete and available for use.

(g) Trust Funds Received by the Authority for Others

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. The Authority receives trust funds from patients that are to be paid for personal expenses. These amounts are not reflected in these financial statements but are disclosed in Note 25.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Accounts Receivable

	2003	2002
Receivable from Alberta Health and Wellness	$426	$689
Other receivables	326	1,018
	$752	$1,707

Note 4 Non-Current Assets

	2003	2002
Cash externally restricted for capital purposes	$9,314	$12,665
Deposit paid for capital purposes	-	75
Receivable from Alberta Health and Wellness restricted for capital purposes	-	376
Externally restricted for capital purposes (Note 8)	9,314	13,116
Cash internally restricted for future equipment replacement (Note 10)	-	1,131
	$9,314	$14,247
Fair value	$9,314	$14,247

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$1,082	$-	$1,082	$1,082
Land improvements	1,126	800	326	390
Buildings	72,381	48,198	24,183	26,030
Building service equipment	949	840	109	141
Furniture, equipment and software	12,802	6,672	6,130	5,664
Software under development	-	-	-	169
Construction in progress	2,854	-	2,854	37
	$91,194	$56,510	$34,684	$33,513

Land at the Banff Health Unit has been provided to the Authority at nominal value by the Mineral Springs Hospital under a lease expiring January 30, 2028.

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions)	$29,809	$28,417
Internally funded (investment in capital assets)	4,875	5,096
	$34,684	$33,513

Note 6 Line of Credit and Debt Limit

The Authority has an unused operating line of credit to a maximum of $1,000. A general security agreement covering accounts receivable has been pledged as security for the operating line of credit. Interest is charged at prime less 0.25%.

The debt limit of the Authority is calculated by the "percentage of base" method: for 2002-2003 the limit was $3,025. At March 31, 2003 there were no short or long term borrowings outstanding.

Note 7 Deferred Contributions

Deferred contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(ii).

	2003	2002
Amounts received from:		
Alberta Health and Wellness	$2,197	$1,811
Other government	1,194	1,187
Chinook Health Region	-	83
Donors	10	4
Amounts transferred from deferred capital contributions (Note 8)	142	-
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 12)	(2,148)	(1,568)
Other government (Note 13)	(1,518)	(1,743)
Change during the year	(123)	(226)
Balance, beginning of year	1,751	1,977
Balance, end of year	$1,628	$1,751
Unspent amounts at end of year are restricted for the following:		
Renovation and upgrade projects	$879	$1,140
Healthy Aging Partnership Initiatives	200	200
Promotions, prevention and protection programs	398	233
Other programs	151	178
	$1,628	$1,751

Note 8 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(iii).

	2003	2002
Amounts received from:		
Alberta Health and Wellness	$6	$826
Alberta Infrastructure	-	12,381
Donors	426	834
Amounts transferred to deferred contributions (Note 7)	(142)	-
	290	14,041
Amounts transferred to unamortized external capital contributions (Note 9)	(4,092)	(2,213)
Change during the year	(3,802)	11,828
Balance, beginning of year	13,116	1,288
Balance, end of year	$9,314	$13,116
Unspent amounts at end of year are restricted for the following:		
Capital construction		
Okotoks	$5,955	$7,964
High River	3,359	4,224
Diagnostic and treatment equipment	-	817
Software	-	111
	$9,314	$13,116

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(iii). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$28,417	$28,499
Add amounts transferred from deferred capital contributions (Note 8)	4,092	2,213
Less amounts recognized as revenue:		
Statement of Operations	(2,698)	(2,271)
Ancillary operations (Note 15)	(2)	(24)
Balance, end of year	$29,809	$28,417

Note 10 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2003	2002
Future equipment replacement	$-	$1,131
Future operating projects	-	213
	$-	$1,344

Note 11 Budget

	Approved Budget (1)	Adjust-ments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	$61,330	$-	$61,330
Other government contributions	1,943	-	1,943
Fees and charges	7,863	(113)	7,750
Ancillary operations, net	164	(24)	140
Donations	410	(200)	210
Investment and other income	6,127	337	6,464
Amortization of external capital contributions	2,549	-	2,549
	80,386	-	80,386
Expenses			
Facility based inpatient acute services	15,180	(316)	14,864
Facility based emergency and outpatient services	5,298	-	5,298
Facility based continuing care services	11,462	-	11,462
Community and home based services	5,799	-	5,799
Diagnostic and therapeutic services	12,511	377	12,888
Promotion, prevention and protection services	3,741	(643)	3,098
Administration	4,746	582	5,328
Information management, systems and technology	2,314	-	2,314
Support services	17,416	-	17,416
Amortization of facilities and improvements	1,919	-	1,919
	80,386	-	80,386
Deficiency of revenue over expenses	$ -	$-	$-

1) The initial business plan was approved by the Board of the Authority on April 25, 2002 and submitted to the Minister of Health and Wellness on April 29, 2002.

2) Adjustments relate to classification changes to ensure budgeted revenue and expenses conform to actual reporting classifications.

Note 12 Alberta Health and Wellness Contributions

	2003		2002
	Budget	Actual	Actual
Unrestricted contributions	$59,464	$59,686	$57,419
Restricted contributions transferred from deferred contributions (Note 7)	1,703	2,148	1,568
Restricted contributions made directly by Alberta Health and Wellness to contracted operators	163	163	164
	$61,330	$61,997	$59,151

Note 13 Other Government Contributions

	2003		2002
	Budget	Actual	Actual
Alberta Infrastructure	$1,070	$756	$888
Other federal, provincial and local Governments	377	762	855
	1,447	1,518	1,743
Fair value for use of non-owned non-acute care facilities	31	31	25
Fair value for use of non-owned acute care facilities	465	401	401
	$1,943	$1,950	$2,169

Note 14 Fees and Charges

	2003		2002
	Budget	Actual	Actual
Continuing Care			
Accommodation charges	$2,883	$2,826	$2,577
Acute Care			
Non-entitled revenue – inpatients	525	422	407
Non-entitled revenue – outpatients	810	851	767
Other	111	175	152
Fees and charges – contracted operators	3,421	3,387	3,412
	$7,750	$7,661	$7,315

Note 15 Ancillary Operations

	2003				2002
	Non-patient Food	Rental	Total	Budget	Total
Revenue	$285	$256	$541	$523	$527
Amortization of external capital contributions (Note 9)	-	2	2	24	24
Expenses	(283)	(109)	(392)	(349)	(366)
Amortization	-	(5)	(5)	(58)	(58)
Excess of revenue over direct expenses 2003	$2	$144	$146	$140	
Excess of revenues over direct expenses 2002	$7	$120	$127		$127

Note 16 Investment and Other Income

	2003		2002
	Budget	Actual	Actual
Unrestricted investment income	$200	$237	$275
Recoveries	645	1,075	880
Other income	4,802	-	-
Other income – contracted operators	817	914	814
	$6,464	$2,226	$1,969

Note 17 Facility based Continuing Care Services

Facility based continuing care services include expenses associated with the Healthy Aging Partnership Initiative of $nil (2002 - $394).

Note 18 Administration

	2003		2002
	Budget	Actual	Actual
General administration	$2,627	$3,201	$2,554
Finance	768	752	749
Personnel	882	539	562
Administration – contracted operators	1,051	1,058	1,012
	$5,328	$5,550	$4,877

Note 19 Information Management, Systems and Technology

	2003		2002
	Budget	Actual	Actual
Operating costs	$1,867	$1,619	$1,364
Amortization	447	355	189
Write-down of software	-	478	-
	$2,314	$2,452	$1,553

Note 20 Support Services

	2003		2002
	Budget	Actual	Actual
Building maintenance and operations	$3,454	$3,546	$3,135
Building renovations and upgrades	1,070	686	874
Communications	477	445	450
Education	257	324	319
Housekeeping	1,861	1,651	1,604
Laundry and linen	771	739	744
Materiels management	811	858	834
Patient food services	2,781	2,597	2,603
Patient health records	1,049	1,014	894
Patient registration	697	696	657
Patient transportation	773	1,135	1,073
Sterile reprocessing	285	255	242
Volunteer services	124	123	114
G8 Summit	-	171	12
Support services – contracted operators	3,006	2,843	2,786
	$17,416	$17,083	$16,341

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. At December 31, 2002 the Local Authorities Pension Plan reported a deficit of $444,980 (2001 – surplus of $634,960). The Authority also participates in defined contribution pension plans for employees at one facility and for two employee groups at all facilities. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable.

	2003	2002
Expense related to defined benefit plan	$1,196	$1,081
Expense related to defined contribution plan	338	170
	$1,534	$1,251

Note 22 Changes in Non-cash Working Capital

	2003	2002
Accounts receivable	$955	$(914)
Inventories	43	95
Prepaid expenses	126	(98)
Accounts payable and accrued liabilities	712	1,465
Accrued vacation pay	295	215
Current portion of deferred contributions	(123)	(226)
	$2,008	$517

Note 23 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in notes 3, 4, 7, 8, 11, 12 and 13 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are insignificant.

(c) Foundations

Controlled Foundations

The Headwaters Health Authority Foundation was established during fiscal year 1996-1997 and to date has been inactive.

Other Foundations

The Authority has significant influence in four foundations. These foundations solicit funds in the name of, and with the expressed or implicit approval of, the Authority.

All the foundations listed raise funds to benefit the Authority and other health related entities. The foundations are registered charities under the Income Tax Act.

Information on the foundations where the Authority has representation on its Board of Directors, together with financial information of these foundations is as follows:

	2003	2002
Contributions received from:		
Canmore and Area Health Care Foundation	$-	$-
Claresholm and District Health Foundation	42	68
High River District Healthcare Foundation	352	320
Oilfields Health Foundation	41	101
	$435	$489
Administrative support provided to:		
Canmore and Area Health Care Foundation	$20	$20
Claresholm and District Health Foundation	20	20
High River District Healthcare Foundation	88	88
Oilfields Health Foundation	22	22
	$150	$150
Accounts receivable from:		
Canmore and Area Health Care Foundation	$-	$-
Claresholm and District Health Foundation	14	12
High River District Healthcare Foundation	94	77
Oilfields Health Foundation	18	12
	$126	$101

	Externally Restricted	Unrestricted	2003 Total
Resources held at March 31, 2003			
Canmore and Area Health Care Foundation	$3	$28	$31
Claresholm and District Health Foundation	33	199	232
High River District Healthcare Foundation	791	20	811
Oilfields Health Foundation	10	54	64
	$837	$301	$1,138

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

(d) Voluntary and Private Health Service Operators

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities. The Authority contracts with voluntary and private health service operators to provide health services in the region. The health service operators and the amount of the contracted health services for the year are as follows:

	2003				2002
	Funding by the Authority	Fees and Charges and Other Income	Fair Value Adjustments	Total	Total
Mineral Springs Hospital	$4,763	$3,789	$401	$8,953	$9,257
Extendicare - Vulcan	1,736	512	163	2,411	2,190
	$6,499	$4,301	$564	$11,364	$11,447

The voluntary and private health service operators' expenses are reported in the following expense categories:

	2003	2002
Facility based acute care services	$2,654	$2,827
Facility based emergency and outpatient services	1,028	1,089
Facility based continuing care services	2,132	1,968
Diagnostic and therapeutic services	1,649	1,765
Administration	1,058	1,012
Support Services	2,843	2,786
	$11,364	$11,447

Note 24 Surgical Services Contracts

The Authority has contracted with the Banff Outpatient Surgery Centre to provide medically necessary plastic surgical services under the Health Care Protection Act.

Contract Term	Annual Value	2003	2002
October 1, 2000 - September 30, 2001	$75	$-	$32
October 1, 2001 - September 30, 2003	$72	65	45
		$65	$77

Note 25 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements. The balance of funds held by the Authority is $114 (2002 - $77). During the year the Authority received $85 (2002 - $20) and disbursed $48 (2002 - $nil) for capital and facility repairs for non-owned facilities.

The Authority receives funds in trust from patients for personal expenses. These amounts are not reported in these financial statements. The balance of funds held by the Authority is $35 (2002 - $46).

Note 26 Commitments

The Authority has received approval from Alberta Infrastructure to build the Okotoks Community Health Centre for a total project cost of $10,000. As at March 31, 2003, the Authority has purchased the land but has not tendered the construction contract.

The Authority has a contract expiring on December 31, 2005 with an electricity provider that specifies a fixed price for energy consumption up to a certain quantity.

Note 27 Boundary Alignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003. The assets, liabilities and net assets of the Authority will be assumed at carrying value by the new Calgary Health Region.

Note 28 Operating Deficit

Section 2.9(2) of the Regional Health Authorities Regulation prohibits the Authority from incurring an annual operating deficit. The Authority incurred an operating deficit of $2,541 for the year ended March 31, 2003. As disclosed in Note 27, the net assets of the Authority were assumed by the Calgary Health Region effective April 1, 2003.

Note 29 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003.

Note 30 Approval of Financial Statements

These financial statements have been approved by the Board of the Calgary Health Region.

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 1

	2003		2002
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$45,349	$44,799	$41,675
Contracts with health operators (Note 23(d))	11,700	11,364	11,447
Surgical services contracts (Note 24)	72	65	77
Drugs, gases, medical and surgical supplies	2,690	2,531	2,316
Consulting services	3,954	4,291	3,782
Other	13,416	12,972	12,499
	77,271	76,022	71,796
Amortization:			
Equipment - internally funded	841	749	535
Equipment - externally funded	761	666	440
Facilities and improvements - internally funded	108	97	127
Facilities and improvements - externally funded	1,812	1,848	1,855
Write-down of equipment	-	478	-
	80,793	79,860	74,753
Less amounts reported in ancillary operations (Note 15)	(407)	(397)	(424)
Less amounts capitalized in construction in progress	-	(47)	-
	$80,386	$79,416	$74,329

	2003		2002
	Budget	Actual	Actual
Other includes the following significant items:			
Utilities	$1,417	$1,826	$1,395
Equipment Maintenance	1,316	1,274	1,198
Food and Food Supplies	1,175	1,089	1,069
Patient Transportation	773	1,135	1,073

HEADWATERS HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

		2003				2002	
		FTE's (1)	Salaries & Honoraria (2)	Benefits & Allowances (3)	Total	FTE's (1)	Total
Board Chair: C. Rousseau		1.00	$28	$3	$31	1.00	$35
Board Members							
L. Borchuk (5)		1.00	5	2	7	1.00	9
M. Flanagan		1.00	8	3	11	1.00	15
M. Hammond		1.00	8	-	8	1.00	9
M. Ricketts (5)		1.00	8	3	11	1.00	15
S. Barry (5)	from October 25, 2001	1.00	9	1	10	0.42	5
G. McPherson (5)	from October 25, 2001	1.00	10	3	13	0.42	8
M. Pachman (5)	from October 25, 2001	1.00	8	4	12	0.42	3
A. Rogers (5)	from October 25, 2001	1.00	7	3	10	0.42	8
I. Allen	to October 25, 2001	-	-	-	-	0.58	5
P. Anderson	to October 25, 2001	-	-	-	-	0.58	2
B. Dyck	to October 25, 2001	-	-	-	-	0.58	6
D. Lundgren	to October 25, 2001	-	-	-	-	0.58	11
K. McNeil	to October 25, 2001	-	-	-	-	0.58	4
Total Honoraria		9.00	91	22	113	9.58	135
Chief Executive Officer (4) (5)	from November 19, 2001	1.00	130	17	147	0.38	63
Chief Executive Officer (5)	to August 24, 2001	-	-	-	-	0.42	69
Staff reporting to the CEO:							
Community Health Services Leaders							
- Black Diamond Okotoks		1.00	100	16	116	1.00	111
- Canmore		1.00	96	15	111	1.00	107
- Claresholm		1.00	95	16	111	1.00	107
- High River Nanton		1.00	96	16	112	1.00	107
- Vulcan Carmangay		1.00	92	15	107	1.00	93
Regional Health Services Leader		1.00	95	14	109	1.00	105
Planning and Support Services Leader (5)		1.00	102	16	118	1.00	122
Executive Leader, Corporate Services		1.00	100	16	116	1.00	111
Regional Medical Director		0.60	117	-	117	0.60	117
Other management reporting to those above (5) (avg. 2003 $91, avg. 2002 $84)		30.00	2,434	385	2,819	29.67	2,493
Other management (avg. 2003 $78, avg. 2002 $70)		12.19	799	155	954	13.52	1,090
Regulated nurses not included above (avg. 2003 $69, avg. 2002 $64)		248.09	14,529	2,573	17,102	244.29	15,676
Other health technical and professionals (avg. 2003 $61, avg. 2002 $56)		127.98	6,586	1,166	7,752	128.86	7,164
Unregulated health service providers (avg. 2003 $33, avg. 2002 $32)		122.64	3,489	618	4,107	127.29	4,025
Other Staff (avg. 2003 $42, avg. 2002 $39)		251.53	8,980	1,608	10,588	254.39	9,987
		811.03	$38,131	$6,668	$44,799	817.00	$41,675

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

1) Full time equivalents (FTE's) is based on the number of hours worked in a standard work year, which is 2,023, 1,921 or 1,827 depending on occupational group. The FTE for board members is based on 12 months of service.

2) Total actual discrete number of individuals employed during the year was 1,494 (2002 - 1,509).

3) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Severances are also included. See (8) below.

4) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance and workers compensation.

5) Denotes elected board member.

6) Automobile provided to the Chief Executive Officer is not included in the value of benefits disclosed on the schedule.

7) Planning and Support Services Leader assumed CEO responsibilities from August 25, 2001 to November 18, 2001.

8) The following severances have been included in salaries but excluded from the calculation of average cost per FTE. Two severances have been accrued as a result of conditions arising from the boundary realignment. Payment of the accrued severances can be triggered by certain events relating to their future employment. The paid severances contain no significant terms other than amount paid.

	2003		2002	
	#		#	
Accrued severances:				
CEO	1	$180	-	-
Other management reporting to those above	1	95	-	-
Paid severances:				
Other Management	-	-	5	$140
Regulated Nurses	-	-	1	8
Other Staff	2	57	2	34
	4	$332	8	$182

Calgary
#4

Calgary Health Region

Consolidated Financial Statements

March 31, 2003

CALGARY HEALTH REGION

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003

Auditor's Report

Statement of Management Responsibility for Financial Reporting

Consolidated Statement of Financial Position

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Schedule 2 - Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

AUDITOR GENERAL *Alberta*

AUDITOR'S REPORT

To the Members of the Calgary Health Region
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Calgary Health Region ("the Region") as at March 31, 2003 and the consolidated statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Region's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Region as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 9, 2003

CALGARY HEALTH REGION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying consolidated financial statements are the responsibility of management and have been approved by the Region. The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded.

The Region members carry out their responsibility for the consolidated financial statements through the Finance and Audit Committee. This Committee meets with management and the Auditor General of Alberta to discuss and review financial matters, and recommends the consolidated financial statements to the Calgary Health Region Board for approval. The Auditor General of Alberta has full and free access to the Finance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the consolidated financial statements prepared by management.

Jack Davis
President and Chief Executive Officer

Kay Best
Vice President, Risk Management and
Chief Financial Officer

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CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31, 2003
(thousands of dollars)

	2003 Actual	2002 Actual (Restated) (Note 6)
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 134,633	$ 131,770
Accounts receivable	29,305	29,508
Contributions receivable	19,285	20,836
Inventories	18,930	14,429
Donations receivable (Note 21)	12,454	-
Prepaid expenses	3,734	3,260
	218,341	199,783
Non-current cash and investments (Note 3)	141,365	198,368
Capital contributions receivable (Note 4)	-	18,198
Capital assets (Note 5)	679,401	606,942
Other assets (Note 6)	3,842	3,987
TOTAL ASSETS	$ 1,042,949	$ 1,027,278
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable	$ 121,188	$ 98,079
Accrued vacation pay	58,885	54,151
Current portion of deferred contributions (Note 7)	22,400	16,119
Current portion of obligations under capital leases (Note 25)	293	250
	202,766	168,599
Deferred contributions (Note 7)	33,466	37,628
Deferred capital contributions (Note 8)	86,905	165,733
Obligations under capital leases (Note 25)	16,956	2
Long-term employee benefit liabilities	15,868	15,040
Unamortized external capital contributions (Note 9)	572,731	517,916
	928,692	904,918
Net Assets:		
Unrestricted	-	16,396
Internally restricted (Note 16)	24,836	17,190
Investment in capital assets	89,421	88,774
	114,257	122,360
Commitments (Note 25)		
TOTAL LIABILITIES AND NET ASSETS	$ 1,042,949	$ 1,027,278

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Budget (Note 11)	2003 Actual	2002 Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 1,332,566	$ 1,347,674	$ 1,249,597
Other government contributions (Note 13)	18,345	23,064	17,156
Fees and charges (Note 14)	101,969	105,231	94,714
Ancillary operations, net (Note 15)	10,717	6,750	9,264
Donations	12,949	14,048	5,688
Investment and other income (Note 16)	44,973	55,447	46,183
Amortization of external capital contributions (Note 9)	42,650	40,765	36,911
TOTAL REVENUE	1,564,169	1,592,979	1,459,513
Expenses (Schedule 1)			
Facility-based inpatient acute services	454,747	467,147	414,937
Facility-based emergency and outpatient services	193,021	197,514	173,776
Facility-based continuing care services (Note 17)	179,884	180,242	168,880
Community and home-based services	102,393	104,311	93,772
Diagnostic and therapeutic services	312,556	316,012	289,224
Promotion, prevention and protection services	36,503	37,306	36,321
Research and education	18,050	18,833	18,427
Administration (Note 18)	59,881	54,285	50,733
Information technology (Note 19)	36,685	35,644	39,088
Support services (Note 20)	172,803	168,654	156,867
Amortization of facilities and improvements	22,084	20,650	17,715
TOTAL EXPENSES	1,588,605	1,600,598	1,459,740
Deficiency of revenue over expense	$ (24,436)	$ (7,619)	$ (227)

The accompanying notes and schedules are part of these consolidated financial statements.

CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003				2002
	Unrestricted	Internally Restricted (Note 10)	Investment in Capital Assets	Total	Total
Deficiency of revenue over expense	$ (7,619)	$ -	$ -	$ (7,619)	$ (227)
Capital assets purchased with internal funds	(6,001)	(10,488)	16,489	-	-
Amortization of internally funded capital assets	16,092	-	(16,092)	-	-
Other	-	(484)	-	(484)	(1,000)
Repayment of obligations under capital lease	-	(250)	250	-	-
Net change	2,472	(11,222)	647	(8,103)	(1,227)
Transfer to internally restricted	(18,868)	18,868	-	-	-
Balance, beginning of year	16,396	17,190	88,774	122,360	123,587
Balance, end of year	$ -	$ 24,836	$ 89,421	$ 114,257	$ 122,360

The accompanying notes and schedules are part of these consolidated financial statements.

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CALGARY HEALTH REGION

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual (Restated) (Note 6)
Cash (used by) generated from:			
Operating activities:			
Deficiency of revenue over expense	$ (24,436)	$ (7,619)	$ (227)
Non-cash transactions:			
Amortization of capital equipment - internally funded	13,846	13,310	13,353
- externally funded	22,925	22,146	18,854
Amortization of facilities and improvements including ancillary	22,084	21,401	19,893
Net gain on disposal of assets	-	-	(1,888)
Amortization of external capital contributions (Note 9)	(41,673)	(40,765)	(36,911)
Decrease in non-current deferred contributions	(5,323)	(4,162)	(445)
Increase in long-term employee benefit liabilities	60	828	1,333
Decrease in other assets (Note 6)	-	145	145
	(12,517)	5,284	14,107
Change in non-cash working capital accounts	(6,076)	18,429	6,138
Cash (used by) generated from operations	(18,593)	23,713	20,245
Investing activities:			
Purchase of capital assets:			
Internally funded			
Equipment	(12,225)	(7,651)	(10,244)
Facilities and improvements	(3,587)	(8,838)	(8,101)
Externally funded (Note 8)			
Equipment	(24,278)	(26,370)	(26,738)
Facilities and improvements	(178,689)	(69,210)	(43,281)
Funded under capital leases - building	-	(17,247)	-
Net change in non-current cash and investments	140,947	57,403	(115,812)
Proceeds on disposal of facilities	-	-	6,270
Cash used for investing activities	(77,832)	(72,313)	(197,906)
Financing activities:			
Capital contributions, net of refunds (Note 8)	68,198	16,752	126,995
Change in capital contributions receivable	-	18,198	45,646
Increase in obligations under capital leases, net	-	16,997	(236)
Other	8,188	(484)	(1,236)
Cash generated from financing activities	76,386	51,463	171,169
(Decrease) increase in current cash and temporary investments	(20,039)	2,863	(6,492)
Current cash and temporary investments, beginning of year	130,281	131,770	138,262
Current cash and temporary investments, end of year	$ 110,242	$ 134,633	$ 131,770

The accompanying notes and schedules are part of these consolidated financial statements.

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CALGARY HEALTH REGION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003

Note 1 Authority, Purpose and Operations

The Calgary Regional Health Authority was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Region adopted the name Calgary Health Region (the "Region") in May 2001. The Region is exempt from payment of income tax and is also a registered charity under the Income Tax Act.

The Region is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Region include the following facilities and sites:

- Alberta Children's Hospital
- Carewest facilities
  - Colonel Belcher
  - Cross Bow
  - Dr. Vernon Fanning Centre
  - George Boyack
  - Glenmore Park
  - Nickle House
  - Royal Park
  - Signal Pointe
  - Sarcee
- Foothills Hospital
- Peter Lougheed Centre
- Rockyview General Hospital
- 8th and 8th Community Centre, Airdrie Regional Health Centre and fourteen other community health centres in the Region
- Home care services
- Provincial Laboratory for Southern Alberta

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health care services in the region. Certain information on these facilities is disclosed in Note 21(c).

Note 2 Significant Accounting Policies and Reporting Practices

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of Presentation

(1) These consolidated financial statements have been prepared on a consolidated basis, except that Foundations are not consolidated. Information on Foundations is disclosed in Note 21(b). The Region consolidates the Calgary Health Region and its wholly owned subsidiary, Carewest, and proportionately consolidates its 49.99% interest in Calgary Laboratory Services.

(2) These consolidated financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year when related expenses are incurred.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost

The Region accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of service is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges is recorded as fees and charges of the Region. An equivalent amount is recorded as contracted health service operator expense of the Region.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Region's health programs.

(iii) The fair value for use of non-acute care facilities not owned by the Region and provided to the Region at zero or nominal rent is recorded as other government contributions and as program expenses.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Region in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Region participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Region's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Region has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Region does not record its portion of the pension plan's deficit or surplus.

The Region fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits (continued)

The Region also provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives of the Region. The cost of these benefits is actuarially determined using the projected benefit method pro-rated on services, a market interest rate and management's best estimate of expected costs and the period of benefit coverage. Net actuarial gains or losses of the benefit obligation is amortized over the average remaining service life of the group.

(d) Investments

Temporary investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and net replacement value.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings and improvements	10 - 40 years
Equipment	3 - 20 years
Leased buildings	term of lease
Land improvements	5 - 40 years
Building service equipment	10 - 40 years

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Region are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Trust Funds Received by the Region for Non-Owned Facilities

The Region receives trust funds from Alberta Infrastructure to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 26.

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimated useful life of the related assets. Actual results could differ from these estimates.

The Region is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Region ceases to be part of the GST free list of the Alberta Government.

The Region has unsettled labor contracts at March 31, 2003. The Region has accrued for these contracts using management's best estimate.

Note 3 Cash and Investments

	2003	2002
	(thousands of dollars)	
Cash	$ 77,756	$ 117,595
T-Bills, commercial paper and discount notes	40,424	107,827
Bonds (fair market value 2003 - $111,095)	107,975	73,966
Equities (fair market value 2003 - $48,847)	49,843	30,750
Total	$ 275,998	$ 330,138
Analysis:		
Current	$ 134,633	$ 131,770
Non-current	141,365	198,368
	$ 275,998	$ 330,138
Market value of current and non-current cash and investments	$ 278,215	$ 335,840

(i) Income and financial returns on cash and investments are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur from the failure of another party to perform according to the terms of the contract. Price risk is comprised of interest rate risk and market risk. Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Market risk relates to the possibility that the investments will change in value due to future fluctuations in market prices.

In order to earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 0% to 80% for fixed income instruments and 0% to 50% for equities. Non-Canadian equities are further limited to a range between 0% to 10% of the total portfolio. Risk is reduced through asset class diversification and quality constraints on fixed-income and equity instruments.

(ii) T-bills, commercial paper and discount notes mature between one day and four months and bear interest at an average effective yield of 3.02%. Such financial instruments are limited to a rating of R-1, commercial paper A-1 and R-1 middle or equivalent rated for the balance.

Note 3 Cash and Investments (continued)

(iii) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix. Fixed-income securities are invested in bonds with a rating of A or higher.

Fixed income securities, such as bonds, have an effective yield of 5.72% per annum based on the market for securities maturing between one and thirty years. As at March 31, 2003, the securities have the following term structure based on par:

Under 1 year	0.71%
1 - 5 years	21.69%
5 - 10 years	47.48%
Over 10 years	30.12%

(iv) Equities are comprised of publicly traded securities in major stock markets. Risk is reduced by prudent security selection and sector rotation. During the year, the Region determined that a permanent impairment in value of some equities had occurred. These equities were written down by $1,075,000 (2002 - $0) to reflect this permanent impairment.

Non-current cash and investments represent the following:

	2003	2002
	(thousands of dollars)	
Deferred capital contributions (Note 8)	$ 86,905	$ 165,733
Less capital contributions receivable (Note 4)	-	(18,198)
Deferred capital contributions received	86,905	147,535
Internally restricted for capital acquisitions and lease payments	24,836	15,812
Internally restricted for other initiatives	-	1,380
Externally restricted for long-term care partnerships (Note 17)	29,624	33,641
	$ 141,365	$ 198,368

Note 4 Capital Contributions Receivable

	2003	2002
	(thousands of dollars)	
Alberta Infrastructure capital projects	$ -	$ 17,150
Alberta Health and Wellness capital equipment and systems	-	1,048
	$ -	$ 18,198

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Buildings and improvements	$ 580,038	$ 233,259	$ 346,779	$ 333,284
Equipment	318,573	190,676	127,897	138,337
Leased buildings	113,010	30,898	82,112	62,883
Construction in progress	68,826	-	68,826	28,251
Land	26,251	-	26,251	23,126
Land improvements	5,333	2,624	2,709	2,799
Building service equipment	36,617	11,790	24,827	18,262
	$ 1,148,648	$ 469,247	$ 679,401	$ 606,942

(a) Land

Land at the following sites has been provided to the Region at nominal values:

Site	Leased from	Lease Period
Alberta Children's Hospital	Province of Alberta	Expires on April 1, 2012 with an option for renewal for a further ten years.
Peter Lougheed Centre	Province of Alberta	Expires on July 28, 2008 with an option for renewal for a further ten years.

(b) Leased Assets

Included in equipment are items acquired through capital leases at a cost of $1,185,776 (2002- $1,185,776) with accumulated amortization of $487,634 (2002 - $368,213). One capital lease remains which expires in March 2004.

Included in leased buildings is a capital lease with the University of Calgary, a related party, for space to accommodate a core lab facility (Note 25).

Note 5 Capital Assets (continued)

(c) Funding

Capital assets have been funded from the following sources:

	2003	2002
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 9)	$ 572,731	$ 517,916
Internally funded (investment in capital assets)	89,421	88,774
Financed by capital leases	17,249	252
	$ 679,401	$ 606,942

Note 6 Other Assets

Prior year's financial statements have been restated to reflect, in the accounts of the Region, a non-interest bearing collateral mortgage against the property of a voluntary health service operator which is being forgiven by the Region at 3.1.3% of the principal amount per annum. The original mortgage agreement was valued at $4,350,000 and was effective in October 2000 when the facility was substantially complete. This was recorded to recognize the benefit to the Region of shared capital costs to develop an Alzheimers facility. Previous to this fiscal year the mortgage agreement was disclosed in the Notes to the Financial Statements. The balance remaining on the mortgage at March 31, 2003 was $3,842,500 (2002 - $3,987,500).

Note 7 Deferred Contributions

Deferred contributions represent amounts accounted for in accordance with the accounting policy described in Note 2 (a)(2):

	2003	2002 (Restated) (Note 6)
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	$ 60,204	$ 50,398
Alberta Mental Health Board	7,961	8,352
Other government contributions	3,564	5,225
Other income	10,513	5,863
	82,242	69,838
Less amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 12)	56,827	48,626
Alberta Mental Health Board	8,479	6,931
Other government contributions (Note 13)	4,591	4,197
Other income (Note 16)	10,385	6,680
	(80,282)	(66,434)
Transfer of funds related to capital purchases (Note 8)	159	(4,977)
Change during the year	2,119	(1,573)
Balance, beginning of year	53,747	55,320
Balance, end of year	$ 55,866	$ 53,747

Unspent amounts at year end are as follows:

	2003	2002
	(thousands of dollars)	
Current:		
Alberta Health and Wellness	$ 11,172	$ 8,656
Child health programs	2,521	2,398
Long-term care partnership (Note 17)	1,818	1,489
Calgary Health Trust	4,256	-
Alberta Mental Health Board	613	1,374
Other	2,020	2,202
	22,400	16,119
Long-term:		
Mortgage receivable (Note 6)	3,842	3,987
Long-term care partnership (Note 17)	29,624	33,641
	33,466	37,628
	$ 55,866	$ 53,747

Note 8 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with the accounting policy described in Note 2(a)(2).

	2003	2002
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 3,396	$ 17,654
Transferred from deferred contributions (Note 7)	(159)	4,977
Restricted other government contributions	3,966	76,922
Donations restricted for capital purposes	8,457	7,428
Other	1,092	2,942
	16,752	109,923
Capital contributions refunded	-	(1,126)
	16,752	108,797
Capital contributions receivable (Note 4)	-	18,198
	16,752	126,995
Transferred to unamortized external capital contributions (Note 9)	(95,580)	(70,019)
Change during the year	(78,828)	56,976
Balance, beginning of year	165,733	108,757
Balance, end of year	$ 86,905	$ 165,733
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	$ 6,091	$ 19,480
Construction projects	80,814	146,253
	$ 86,905	$ 165,733

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2 (a)(2). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance, beginning of year	$ 517,916	$ 484,808
Add amounts transferred from deferred capital contributions (Note 8)	95,580	70,019
Less amounts recognized as revenue:		
Amortization of external capital contributions	(40,000)	(36,312)
Amortization – ancillary operations (Note 15)	(765)	(599)
	(40,765)	(36,911)
Balance, end of year	$ 572,731	$ 517,916

Note 10 Internally Restricted Net Assets

Amounts internally restricted by the Region represent funds restricted for the following purposes:

	2003	2002
	(thousands of dollars)	
Amounts restricted for capital commitments	$ 7,863	$ 7,768
Future capital replacement	16,971	7,794
Other	2	1,628
	$ 24,836	$ 17,190

Note 11 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 1,331,721	$ 845	$ 1,332,566
Other government contributions	17,512	833	18,345
Fees and charges	91,029	10,940	101,969
Ancillary operations, net	12,704	(1,987)	10,717
Donations	13,664	(715)	12,949
Investment and other income	39,709	5,264	44,973
Amortization of external capital contributions	42,641	9	42,650
TOTAL REVENUE	1,548,980	15,189	1,564,169
Expenses			
Facility-based inpatient acute services	449,138	5,609	454,747
Facility-based emergency and outpatient services	188,549	4,472	193,021
Facility-based continuing care services	162,688	17,196	179,884
Community and home-based services	100,751	1,642	102,393
Diagnostic and therapeutic services	316,338	(3,782)	312,556
Promotion, prevention and protection services	39,397	(2,894)	36,503
Research and education	19,988	(1,938)	18,050
Administration	51,680	8,201	59,881
Information technology	40,341	(3,656)	36,685
Support services	183,661	(10,860)	172,801
Amortization of facilities and improvements	20,885	1,199	22,084
TOTAL EXPENSES	1,573,416	15,189	1,588,605
Deficiency of revenue over expense	$ (24,436)	$ -	$ (24,436)

(1) The budget was approved by the Board of the Region on June 25, 2002 and approved by the Minister of Alberta Health and Wellness on June 27, 2002.

(2) Adjustments relate to classification changes to ensure budgeted revenue and expenditures conform with actual reporting classifications.

Note 12 Alberta Health and Wellness Contributions

	2003	2002
	(thousands of dollars)	
Unrestricted contributions	$ 1,289,830	$ 1,199,884
Transfers from deferred contributions (Note 7)	56,827	48,626
Restricted contributions made directly by Alberta Health and Wellness to contract operators (Note 21(c))	1,017	1,087
	$ 1,347,674	$ 1,249,597

Note 13 Other Government Contributions

	2003	2002
	(thousands of dollars)	
Alberta Mental Health Board	$ 13,456	$ 12,681
Restricted transfers from deferred contributions (Note 7)	4,591	4,397
Pediatric Alternate Funding Plan	2,508	-
GS Summit	1,450	-
Other	1,059	278
	$ 23,064	$ 17,156

Note 14 Fees and Charges

	2003	2002
	(thousands of dollars)	
Acute care:		
Non-entitled revenue – inpatients	$ 47,471	$ 40,623
Non-entitled revenue – outpatients	3,846	4,103
Preferred accommodation	2,042	2,029
Other	10,051	12,795
	63,410	59,550
Continuing care:		
Accommodation charges	33,192	27,728
Federal government	961	117
Workers Compensation Board	7,668	7,319
	$ 105,231	$ 94,714

Note 15 Ancillary Operations

	2003				2002
	(thousands of dollars)				
	Non-Patient Food Services	Parking Operations	Other Ancillary	Total	Total
Revenue:					
Revenue	$ 8,542	$ 11,353	$ 4,374	$ 24,269	$ 22,917
Amortization of deferred capital contributions	145	620	-	765	599
	8,687	11,973	4,374	25,034	23,516
Expenses:					
Other expenses	8,302	2,838	3,017	14,157	13,576
Amortization	163	685	1	849	676
	8,465	3,523	3,018	15,006	14,252
Excess of revenue over direct expense 2002/03	222	8,450	1,356	10,028	9,264
Less:					
Administrative support to Calgary Health Trust (Note 21)	-	-	-	(3,278)	-
Net ancillary revenue	$ 222	$ 8,450	$ 1,356	$ 6,750	$ 9,264

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Note 16 Investment and Other Income

	2003	2002
	(thousands of dollars)	
Recoveries:		
Alberta Cancer Board	$ 8,775	$ 8,114
University of Calgary Medical Centre	3,968	3,063
Alberta Health and Wellness	7,239	2,488
Compensation	6,251	5,092
Other	6,940	8,034
	33,173	26,791
Transferred from deferred contributions (Note 7)	10,385	6,680
Investment income	7,081	6,922
Grants	1,074	1,181
Other income	3,734	4,609
	$ 55,447	$ 46,183

Investment income comprises interest, dividends, amortization of discounts and premiums and net gains on disposal of investments.

Other income includes third party recoveries, grants, and other miscellaneous items.

Note 17 Long-term Care Partnership

Facility-based continuing care services include expenses associated with long-term care partnership projects of $1,488,647 (2002 - $530,000).

The Government has supported long-term care partnership projects by providing one-time, up-front capital to enable the Region to make annual supplementary payments to the partners over the term of the partnership contracts. Amounts invested under the terms of long-term care partnership agreements will be utilized to fund future payments to operators over the next 30 years. These payments have a net present value of $31.1 million at March 31, 2003 (2002 - $30.6). The Region is subject to risk in that the invested amounts may not earn a rate of return adequate to meet the payments as they become due.

	2003	2002
	(thousands of dollars)	
Current portion	$ 1,818	$ 1,489
Long-term portion	29,624	33,641
Total	$ 31,442	$ 35,130

The investments have a market value at March 31, 2003 of $31.7 million (2002 - $36.2).

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Note 18 Administration

	2003	2002
	(thousands of dollars)	
General administration	$ 26,015	$ 24,099
Finance	10,869	9,849
Human resources	14,736	14,911
Amortization	2,665	1,874
	$ 54,285	$ 50,733

Note 19 Information Technology

	2003	2002
	(thousands of dollars)	
Information systems support	$ 29,777	$ 33,078
Amortization	5,867	6,010
	$ 35,644	$ 39,088

Note 20 Support Services

	2003	2002
	(thousands of dollars)	
Biomedical engineering	$ 3,096	$ 2,888
Building maintenance, operations and security	52,881	46,495
Communications	6,791	5,211
Learning and development	4,051	4,805
Housekeeping	22,489	20,343
Supply management	27,598	26,975
Patient food services	19,215	19,577
Patient health records	13,319	12,542
Patient registration	12,800	11,323
Other	6,414	6,708
	$ 168,654	$ 156,867

Note 21 Related Parties

(a) Province of Alberta

The Region is established under the Regional Health Authorities Act. Effective October 16, 2001, two-thirds of the members of the Board are elected. The Minister of Health and Wellness appoints the remaining members. The Region is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Region and the Province are disclosed in the Consolidated Statement of Operations and Notes 4, 7, 8, and 12 to the consolidated financial statements.

(b) Foundations

The following controlled foundation is not consolidated in these financial statements.

(i) Calgary Health Trust

Calgary Health Trust is considered a controlled foundation as the Region appoints the majority of the voting members of the Foundation's Board of Directors. The purpose of the Trust is to benefit the Region, each facility within the Region and individual health programs and services operated by the Region and to hold funds for its own account and without restriction to manage endowment funds received from any source.

	Calgary Health Trust 2003	Calgary Health Trust 2002
	(thousands of dollars)	
Total assets	$ 49,007	$ 48,991
Total liabilities	20,900	9,909
Net assets	$ 28,107	$ 39,082
Revenue (including administrative support from the Region)	$ 12,994	$ 17,256
Expenditures, including charitable disbursements of $22,254 (2002- $9,011) to the Region	27,531	18,002
Deficiency of revenue over expenditures	$ (14,537)	$ (746)
Accounts payable to the Region from Calgary Health Trust		
Trade payables	$ 178	$ 273
Donations payable	12,454	-
	$ 12,632	$ 273
Fair value for use of office space	$ 70	$ 65
Administrative support from the Region	$ 3,278	$ -

Note 21 Related Parties (continued)

(b) Foundations (continued)

(i) Calgary Health Trust (continued)

Contributions received by the Region Year ended March 31 (thousands of dollars)		Resources held by Calgary Health Trust at March 31, 2003 (thousands of dollars)	
2003	2002	Externally Restricted	Unrestricted
$ 22,254	$ 9,011	$ 27,828	$ 279

(ii) Other foundation

The Region has an economic interest in the Alberta Children's Hospital Foundation which raises funds to benefit the Region and other health related entities. The resources held by this foundation are not necessarily limited for use by the Region.

Note 21 Related Parties (continued)

(b) Foundations (continued)

(ii) Alberta Children's Hospital Foundation (continued)

The Alberta Children's Hospital Foundation is a registered charity under the Income Tax Act.

Contributions to the Region during the year and resources held by this foundation at the year end to support health care are:

Contributions received by the Region Year ended March 31 (thousands of dollars)		Resources held by Alberta Children's Hospital Foundation at March 31, 2003 (thousands of dollars)		
2003	2002	Externally Restricted [1]	Internally Restricted [2]	Unrestricted
$ 2,850	$ 2,754	$ 21,608	$ 31,996	$ -

[1] Externally restricted amounts are for equipment, programs, research and education.

[2] In order to build an endowment to meet the future funding needs of the Alberta Children's Hospital, the Foundation's Board of Directors internally restricts funds donated through bequests as well as any excess revenue over expense in the operating fund, not otherwise internally restricted, for managing short term market fluctuations.

	Alberta Children's Hospital Foundation	
	2003	2002
	(thousands of dollars)	
Accounts receivable	$ 730	$ 259
Accounts payable	$ -	$ 393
Fair value for use of office space	$ 12	$ 9

Note 21 Related Parties (continued)

(c) Voluntary and Private Health Service Operators

The Region contracts with voluntary and private health service operators to provide health services in the Region. The Region has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities:

	Direct Region Funding	Direct Funding by Alberta Health & Wellness (Note 12)	Approved Patient Fees & Charges	2003 Total	2002 Total
	(thousands of dollars)				
Facility Name					
Private laboratories	$ 108,646	$ -	$ -	$ 108,646	$ 101,110
Beverly Centre	12,668	409	3,766	16,843	11,927
Bow-Crest Nursing Home	4,670	-	1,628	6,298	5,669
Central Park Lodges	9,276	-	2,256	11,532	5,188
Extendicare Cedars Villa	7,808	-	2,675	10,483	9,566
Extendicare Hillcrest	3,408	238	1,206	4,852	4,712
Extendicare Scottish	1,324	-	400	1,724	1,770
Forest Grove Care Centre	7,643	-	2,506	10,149	9,848
Intercare Brentwood	3,730	-	1,287	5,017	4,810
Intercare Chinook	4,827	-	1,640	6,467	6,184
Intercare Southwood	6,378	-	1,990	8,368	7,398
Travois Holdings Glamorgan	1,602	-	568	2,170	2,006
Travois Holdings Mayfair	4,382	-	1,547	5,929	5,923
Bethany Care Centre Airdrie	2,485	-	844	3,329	3,170
Bethany Care Centre Calgary	18,207	-	4,671	22,878	23,088
Bethany Care Centre Harvest Hills	2,975	-	687	3,662	3,555
Bethany Care Centre Cochrane	2,691	-	880	3,571	3,377
Bow View Nursing Home	7,122	370	2,109	9,601	9,045
Father Lacombe Nursing Home	4,333	-	1,224	5,557	5,263
Wentworth Court	3,178	-	837	4,015	4,051
Holy Cross Chronic Care	1,579	-	471	2,050	2,051
Agape Manor Hospice	1,533	-	-	1,533	1,351
Other community agencies	5,867	-	-	5,867	5,984
Physiotherapy providers	7,867	-	-	7,867	7,702
Homecare providers	41,299	-	-	41,299	40,367
Facility fees	953	-	-	953	1,331
	$ 276,451	$ 1,017	$ 33,192	$ 310,660	$ 286,546
Reported in the following expense categories					
Facility-based emergency and outpatient services				$ 1,496	$ 1,821
Facility-based continuing care services				128,351	113,605
Community and home-based services				52,126	49,669
Diagnostic and therapeutic services				116,285	108,996
Promotion, prevention and protection services				-	5
Administration and support services				12,402	12,250
				$ 310,660	$ 286,546

Note 21 Related Parties (continued)

(d) Health Authorities

The Region shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Region and other Health Authorities are reported in the statement of operations and disclosed in Notes 7, 8, and 13 to the financial statements.

(e) Other

Various volunteer and auxiliary associations solicit donations, operate gift shops and undertake fund raising activities to provide operating and capital donations to further the objectives of the Region.

Note 22 Surgical Services Contracts

The Region has entered into contracts with the following accredited surgical facilities pursuant to the *Health Care Protection Act*:

Entity & Nature of Service	Term of Contract	Annual Value	Total Expense at March 31 2003	Total Expense at March 31 2002
		(thousands of dollars)		
Ophthalmology	October 1, 2002 – September 30, 2003			
Gimbel Eye Centre		$ 969	$ 778	$ 599
Holy Cross Surgical		2,154	1,623	1,475
Mitchell Eye Centre		474	428	284
Rocky Mountain Surgical Services		684	657	571
Surgical Centres Inc.		1,616	1,518	1,328
Oral Surgery	October 1, 2002 – September 30, 2003	131		
Brian Abrams, Prof. Corp.			4	5
Brian Whitestone, Prof. Corp.			18	24
Donald I. Wakeham, Prof. Corp.			-	4
Douglas J. Vincelli, Prof. Corp.			59	37
Francis Skulsky, Prof. Corp.			5	5
Hedd Wyn Lloyd Williams, Prof. Corp.			6	4
John W. Conley, Prof. Corp.			6	1
Terence A. Summers			14	14
Pregnancy Terminations	October 1, 2002 – September 30, 2003			
Kensington Clinic		1,454	920	849
		$ 7,482	$ 6,036	$ 5,200

Payments to these accredited surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

Note 23 Pension Costs

The Region participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these consolidated financial statements is equivalent to the Region's annual contributions payable of $25,411,212 for the year ended March 31, 2003 (2002 - $20,596,750). At December 31, 2002, the Local Authorities Pension Plan reported a deficit of $444,980,000 (2001 – surplus of $634,960,000).

The Region provides a non-contributory defined benefit Supplemental Executive Retirement Plan (SERP) to senior executives. The SERP is fully secured by a Letter of Credit held by Royal Trust Corporation of Canada. At March 31, 2003, the required full amount of the letter of credit was $2,575,649. As this is a new plan, a letter of credit was not required in prior year.

Note 24 Province Wide Services

Included in Alberta Health and Wellness contributions is funding for Province Wide Services. Province Wide Services are a range of complex, high technology and high cost medical interventions provided to all Albertans. A sufficient number of cases are required for these services every year to maintain provider competence. Information on costs and funding for these services, included in revenues and expenses, is as follows:

	2003				2002			
	(thousands of dollars)							
			Variance				Variance	
	Funding (1)	Costs (2)	$	%	Funding (1)	Costs (2)	$	%
Inpatient (3)	$ 104,355	$ 103,438	$ 917	0.9	$ 102,359	$ 101,659	$ 700	0.7
Clinics and home services (4)	61,887	69,656	(7,769)	(12.6)	54,699	60,070	(5,371)	(9.8)
High cost drugs and devices (5)	17,523	17,468	55	0.3	16,190	15,520	670	4.1
Tertiary services (6)	14,208	14,208	–	–	14,113	14,113	–	–
Unallocated funding (1)	2,477	–	2,477	100.0	3,339	–	3,339	100.0
	$ 200,450	$ 204,770	$ (4,320)	(2.2)	$ 190,700	$ 191,362	$ (662)	(0.3)

(1) Funding provided for Province Wide Services does not include amortization of related external capital contributions. The unallocated funding of $2.5 million was provided at the end of 2003 and was not allocated to any specific Province Wide Service.

(2) An allocation of overhead and amortization of equipment is included in the costs for inpatient and clinics and home services.

(3) Inpatient services include kidney and bone marrow transplants, high end trauma and burn cases, most heart surgeries, neuromodulation activity and selected neurosurgery, neonatology and oncology procedures. In 2003, inpatient volumes funded were 5,391 cases while the actual volumes were 4,973 cases, a difference of 418 cases. Inpatient costs are based on an average cost per case throughout the year. Patient activity is based on the patient discharge date.

(4) Clinics and home services represent areas such as the renal program, prevention of end stage renal disease, pre and post transplant services, medical genetics testing, HIV clinics, home enteral nutrition therapy, poison and drug information services, pediatric transport, ocular photodynamic therapy and children with complex health needs. Services provided for out-of-province patients are excluded.

(5) High cost drugs include actual costs for transplantation drugs, HIV drugs, human growth hormone drugs and other pre-established high cost drugs. Included in high cost devices are actual costs for cranioplasty, implantable cardiac defibrillators and cochlear implants.

(6) Tertiary services compensate for indirect costs relating to teaching and research hospitals.

Note 25 Commitments and Obligations under Capital Leases

(i) Commitments

The Region is contractually committed to future operating lease payments of $36,991,084 (2002 - $39,952,856) until 2012. Future annual commitments are as follows:

Year ended March 31	(thousands of dollars)
2004	$ 6,394
2005	5,349
2006	4,803
2007	4,344
2008	3,818
Thereafter	12,283
Total	$ 36,991

The Region has outstanding contractual commitments for capital projects totaling $40,930,880 (2002 - $44,718,875). The total commitments represent $2,179,067 (2002 - $5,909,338) for new equipment, $3,341,723 (2002 - $6,780,417) for ITS systems development and $35,410,090 (2002 - $32,029,120) for construction which will be capitalized by March 31, 2004.

In addition, the Region contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care health services in the Region (Note 21(c)). The Region has contracted for services in the year ending March 31, 2004 similar to those provided by these operators in 2003.

In the ordinary course of operations, various claims and lawsuits are brought against the Region. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Region believes there will be no material adverse affect on the financial position of the Region.

(ii) Obligations under capital leases

During the year, the Region entered into a capital lease with the University of Calgary to accommodate a new core lab facility. The term of the lease is 25 years and lease payments are expected to commence in November 2003. The implicit interest rate payable on the lease is 6.5%.

	2003	2002
	(thousands of dollars)	
Obligations under capital leases	$ 17,249	$ 252
Less: current portion	(293)	(250)
Long-term portion	$ 16,956	$ 2

Note 25 Commitments and Obligations under Capital Leases (continued)

(ii) Obligations under capital leases (continued)

Future payments for the year ended March 31 are:

	(thousands of dollars)
2004	$ 1,318
2005	1,318
2006	1,318
2007	1,318
2008	1,318
2009 and thereafter	29,825
	36,415
Amount representing interest	(19,168)
Obligations under capital leases	$ 17,247

Note 26 Trust Funds

The Region receives funds from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year the Region did not receive any funds (2002 - $3,782,000) and disbursed $78,028 (2002 - $110,392) for capital and facility repairs for non-owned facilities. The balance of funds held by the Region is $3,761,943 (2002 - $3,839,971).

The Region receives other trust funds, including funds for research and development, education and other miscellaneous programs. The balance of these funds held by the Region as at March 31, 2003 is $3,906,446 (2002 - $4,186,264).

Note 27 Subsequent Events

On April 24, 2003, the Region sold land that was being held for the new South Diagnostic and Treatment Centre. Subsequent to the sale, the Region entered into a 10 year lease with the purchaser who has agreed to develop the land and provide facility space to house the centre.

Construction of the new Colonel Belcher Veteran's Care Centre, operated by the Region's subsidiary Carewest, was substantially complete in May 2003, at which time residents began to take occupancy.

The Region intends to enter into a long term operating lease with the University of Calgary for the West Campus land site to construct the new Alberta Children's Hospital. To date, the Region has spent $13,500,000 relating to planning and design of the new facility and site development of land.

Note 28 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities would be reduced to nine effective April 1, 2003.

The assets, liabilities and net assets of the Headwaters Health Authority will be assumed by the Region at carrying value. As at March 31, 2003, the condensed audited financial statements of the Headwaters Health Authority are as follows:

	(thousands of dollars)
Total assets	$ 52,942
Total liabilities	49,043
Net assets	$ 3,899
Revenue	$ 76,875
Expenditures	79,416
Deficiency of revenue over expenditures	$ (2,541)

The Region will also assume its pro-rata share of the assets, liabilities and net assets of the Health Authority 5 and the Alberta Mental Health Board at carrying value. This financial information is not available at this time.

Effective April 1, 2003, all of the Board members are appointed by the Minister of Health and Wellness.

Note 29 Operating Deficit

Section 2.9(2) of the Regional Health Authorities Regulation prohibits the Region from incurring an annual operating deficit. Section 2.9(3) of the Regulation permits the offsetting of a deficit with previously accumulated unrestricted net assets. The Region incurred an operating deficit of $7,619,169 for the year ended March 31, 2003 which has been offset by unrestricted net assets, in accordance with the Regulation.

Note 30 Comparative Figures

Certain 2002 figures have been reclassified to conform to 2003 presentation.

Note 31 Approval of Financial Statements

These consolidated financial statements have been approved by the Board of the Region.

Schedule 1

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Salaries, benefits, allowances and severance (Schedule 2)	$ 818,823	$ 821,799	$ 751,051
Contracts with health service operators (Note 21 (c))	307,427	310,660	286,546
Contracts under the Health Care Protection Act (Note 22)	5,986	6,036	5,200
Drugs, gases, medical and surgical supplies	128,388	135,835	125,983
Other contracted services	138,985	137,855	119,638
Other [1]	143,022	149,840	135,362
Amortization			
Capital equipment – internally funded	13,846	13,310	13,353
Capital equipment – externally funded	22,925	22,146	18,854
Facilities and improvements	22,084	21,401	18,005
	1,601,486	1,618,882	1,473,992
Less amounts reported in ancillary operations (Note 15)	(12,881)	(15,006)	(14,252)
Less administrative support to Calgary Health Trust (Note 21)	-	(3,278)	-
	$ 1,588,605	$ 1,600,598	$ 1,459,740

[1] Other is comprised of:

	2003	2002
Utilities	$ 24,027	$ 17,972
Referred out services	21,407	16,585
Department and office supplies	15,308	14,316
Equipment maintenance	12,197	9,852
Clinical lab & therapeutic supplies	12,113	11,721
Food supplies	11,242	10,871
Minor equipment	8,616	8,671
Communication & education expenses	8,512	7,564
Rented space	8,124	8,496
Housekeeping and laundry supplies	5,987	5,599
Recruitment and travel	4,507	6,301
Plant & equipment maintenance supplies	3,521	3,151
Repairs & maintenance	3,439	5,369
Insurance	2,665	1,857
Other	8,175	7,037
	$ 149,840	$ 135,362

Schedule 2

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

		2003							2002	
						Severance[1]				
		Number of FTE's[2]	Salaries and Honoraria[3]	Benefits and Allowances	Subtotal	Number of FTE's[2]	Amount	Total	Number of FTE's[2]	Total
Board Compensation										
Chairperson										
David Tuer		1.00	$ 29	$ 3	$ 32		$ -	$ 32	0.50	$ 3
Jim Dinning	To October 15, 2001	-	-	-	-			-	0.50	4
Board Members										
Bradley Berard		1.00	7	2	9			9	0.50	4
Diane Caleffi		1.00	6	1	7			7	0.50	3
Wendy Clark		1.00	8	-	8			8	0.50	4
Wayne Courchene	To October 15, 2001	-	-	-	-			-	0.50	8
Susan Desbarats		1.00	10	2	12			12	1.00	9
Sandy Dougall		1.00	7	-	7			7	1.00	10
Jean Fraser	To October 15, 2001	-	-	-	-			-	0.50	3
Loreen Gilmour		1.00	10	2	12			12	0.50	4
Eileen Grant		1.00	12	3	15			15	1.00	12
Azim Jiwani	To October 15, 2001	-	-	-	-			-	0.50	3
Bruce Libin	To October 15, 2001	-	-	-	-			-	0.50	3
Shelley Mabbott		1.00	5	1	6			6	1.00	5
Lynn Martin		1.00	13	4	17			17	0.50	4
Mairi Matheson		1.00	5	1	6			6	0.50	3
N.D. (Skip)		1.00	3	-	3			3	1.00	2
Mcdonald		1.00	8	3	11			11	0.50	4
Donald Mcleod		1.00	7	3	10			10	1.00	10
Dr. John Morgan		1.00	5	1	6			6	0.50	3
John A. Murdoch	To October 15, 2001	-	-	-	-			-	0.50	6
Donna Rose	To October 15, 2001	-	-	-	-			-	0.50	-
William Sembo										
Total honoraria		15.00	$ 135	$ 26	$ 161		$ -	$ 161	14.00	$ 108

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

Schedule 2 (continued)	2003							2002	
					Severance[1]				
	Number of FTE's[2]	Salaries and Honoraria[3]	Benefits and Allowances	Subtotal	Number of FTE's[2]	Amount	Total	Number of FTE's[2]	Total[4]
Staff Compensation									
President and Chief Executive Officer[5]	1.00	$ 461	$ 67	$ 528	-	$ -	$ 528	1.00	$ 526
Management personnel reporting to the CEO									
Executive Director, Office of the President and CEO	1.00	130	15	145	-		145	1.00	135
Executive Vice President and Chief Operating Officer	1.00	319	51	370	-		370	1.00	335
Senior Vice President and Chief Medical Officer	1.19	448	51	499	-		499	1.00	374
Vice President and Chief Nursing Officer	1.00	184	23	207	-		207	1.00	200
Vice President, Risk Management and Chief Financial Officer[6]	1.00	290	66	356	-		356	1.00	267
Vice President, Communications	1.00	183	21	204	-		204	1.00	191
Vice President, Capital Development	0.76	205	35	240	-		240	0.83	266
Vice President, People and Learning[7]	0.69	147	20	167	-		167	1.00	245
Acting Vice President, People and Learning	0.31	56	7	63	-		63	-	-
Chief Information Officer and Assoc. CMO	0.66	145	-	145	-		145	-	-
Vice President, Strategic Business Alliances[8]	0.33	66	9	75	-		75	-	-
Senior Advisor to CEO	0.50	116	3	119	-		119	0.07	29
Other management personnel reporting to those above	10.75	3,051	816	3,847			3,847	13.31	4,983
(avg. 2003 $147, avg. 2002 $146)									
(excluding severance)									
(avg. sev. 2003 $0 avg. sev. 2002 $61)									
Other management	410.07	33,631	2,758	36,389	7.00	164	36,553	412.00	37,427
(avg. 2003 $94, avg. 2002 $88)									
(excluding severance)									
(avg. sev. 2003 $20, avg. sev. 2002 $42)									
Medical doctors not included above	8.50	852	95	947			947	7.83	867
(avg. 2003 $115, avg. 2002 $110)									
(excluding severance)									
(avg. sev. 2003 $0, avg. sev. 2002 $0)									
Regulated nurses not included above	3,139.46	135,819	31,002	166,821	1.00	23	166,844	3,152.62	146,231
(avg. 2003 $73, avg. 2002 $67)									
(excluding severance)									
(avg. sev. 2003 $25, avg. sev. 2002 $13)									
Other health technical and professional	2,195.44	112,009	34,045	146,054	3.00	34	146,088	2,042.27	133,625
(avg. 2003 $68, avg. 2002 $64)									
(excluding severance)									
(avg. sev. 2003 $11, avg. sev. 2002 $7)									
Unregulated health service providers	1,240.15	37,222	6,455	43,677			43,677	1,267.22	43,455
(avg. 2003 $35, avg. 2002 $34)									
(excluding severance)									
(avg. sev. 2003 $0, avg. sev. 2002 $0)									
Other staff	4,448.50	163,410	29,945	193,355	42.00	845	194,200	4,395.40	163,813
(avg. 2003 $43, avg. 2002 $42)									
(excluding severance)									
(avg. sev. 2003 $20, avg. sev. 2002 $16)									
Amortization of paid service pension (Jobs other)			164	164			164		(226)
Staff compensation	13,612.46	$ 705,724	$ 114,876	$ 820,600	53.00	$ 1,066	$ 821,666	13,340.33	$ 750,943
Total	13,627.46	$ 705,859	$ 114,937	$ 820,711	53.00	$ 1,066	$ 821,777	13,354.33	$ 751,051

Schedule 2 (continued)

CALGARY HEALTH REGION

CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS,

ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2003

1. The full time equivalents (FTE's) is based on the number of hours worked in a standard work year, which generally is 2,022.75 hours for most occupation groups.

   Total actual discrete number of individuals employed: 19,986 (2002 – 19,236).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, car benefits and allowances and tuition.

4. Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

5. The total amount of $821,798,971 is reported in Schedule 1.

6. In 2003, the salaries and honoraria and benefits and allowances for the Vice President, Risk Management and Chief Financial Officer included retroactive amounts for the 2002 fiscal period. In 2002, the Chief Executive Officer's salary included retroactive pay for the 2001 fiscal period.

7. The position of Senior Vice President and Chief Medical Officer was held by two incumbents during the year.

8. The position of Vice President People and Learning and Vice President Strategic Business Alliances was held by the same incumbent during the year.

9. The Chief Executive Officer is provided with an automobile allowance. No dollar amount is included under benefits and allowances.

10. The prior year's figures were reclassified to reflect an adjustment relating to the initial adoption of the Supplemental Executive Retirement Plan.

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Health Authority
#5

REGIONAL HEALTH AUTHORITY 5

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2003
And
AUDITORS' REPORT

REGIONAL HEALTH AUTHORITY 5

FINANCIAL STATEMENTS

MARCH 31, 2003

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of the Board of David Thompson Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Regional Health Authority 5 (the "Authority") as at March 31, 2003 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 25, 2003

REGIONAL HEALTH AUTHORITY 5

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the David Thompson Regional Health Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority had established a code of ethics and corporate directives, which require communication of the code to employees.

The David Regional Health Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Committee of the Whole.

The external auditor, Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Chief Executive Officer
David Thompson Regional Health Authority

Vice President & Chief Operating Officer
Corporate Services
David Thompson Regional Health Authority

Regional Health Authority 5
Statement of Financial Position
March 31, 2003
(thousands of dollars)

	2003	2002
Assets		
Current		
Cash and temporary investments (Note 3)	11,416	13,040
Accounts receivable	421	578
Contributions Receivable	110	281
Inventories	451	603
Prepaid expenses	250	291
	12,648	14,793
Non-current cash (Note 4)	1,151	4,787
Capital assets (Note 5)	68,529	66,894
	82,328	86,474
Liabilities and Net Assets		
Current		
Accounts payable	6,701	7,034
Accrued vacation pay	3,179	3,063
Deferred contributions (Note 6)	2,046	1,532
	11,926	11,629
Deferred capital contributions (Note 7)	1,151	602
Unamortized external capital contributions (Note 8)	61,917	64,277
	74,994	76,508
Net assets		
Unrestricted	-	2,712
Internally restricted (Note 9)	722	4,637
Investment in capital assets	6,612	2,617
	7,334	9,966
	82,328	86,474

The accompanying notes and schedules are part of these financial statements.

Approved by the David Thompson Regional Health Authority:

Chairperson

Board Member

Regional Health Authority 5
Statement of Operations
For the Year Ended March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 10)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 11)	53,411	53,419	51,695
Other government contributions (Note 12)	300	1,136	338
Fees and charges (Note 13)	4,600	4,800	4,356
Net ancillary operations (Note 14)	50	99	94
Donations	60	84	93
Investment and other income (Note 15)	900	1,005	1,123
Amortization of external capital contributions (Note 8)	2,813	2,685	2,051
	62,134	63,228	59,750
Expenses (Schedule 1)			
Facility based inpatient acute services	9,435	10,552	9,218
Facility based emergency and outpatient services	2,387	2,273	2,022
Facility based continuing care services	11,580	11,853	10,983
Community and home based services	4,242	4,303	4,051
Diagnostic and therapeutic services	9,437	9,428	9,008
Promotion, prevention and protection services	2,972	3,142	2,819
Administration (Note 17)	3,587	4,394	3,205
Information technology	1,157	1,063	1,112
Support services (Note 18)	15,101	16,073	14,692
Amortization of facilities and improvements	2,236	2,196	1,458
Capital asset disposition costs (Note 5)	-	583	-
	62,134	65,860	58,568
Excess (deficiency) of revenues over expenses	-	(2,632)	1,182

Regional Health Authority 5
Statement of Cash Flows
For the Year Ended March 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities			
Excess (deficiency) of revenues over expenses	-	(2,632)	1,182
Non-cash transactions:			
Amortization of capital equipment - internally funded	693	444	462
Amortization of capital equipment - externally funded	577	578	593
Amortization of facilities and improvements	2,236	2,196	1,458
Amortization of external capital contributions	(2,813)	(2,685)	(2,051)
Loss on disposal of capital equipment	-	7	7
	693	(2,092)	1,651
Changes in non-cash working capital accounts	(537)	867	2,298
Cash generated from operations	156	(1,225)	3,949
Investing activities			
Purchase of capital assets:			
Internally funded	(500)	(4,570)	(468)
Externally funded equipment	(250)	(112)	(4,345)
Externally funded facilities and improvements	(6,300)	(213)	(10,705)
Proceeds on sale of capital assets	-	34	-
Change in non-cash working capital account	(893)	(48)	3,021
Allocations (to) from non-current cash	-	3,636	7,910
Cash used by investing activities	(7,943)	(1,273)	(4,587)
Financing activities			
Capital contributions received (Note 7)	6,750	874	6,679
Cash generated from financing activities	6,750	874	6,679
Increase (decrease) in cash and temporary investments	(1,037)	(1,624)	6,041
Cash and temporary investments, beginning of year	13,040	13,040	6,999
Cash and temporary investments, end of year	12,003	11,416	13,040

Regional Health Authority 5
Statement of Changes in Net Assets
For the Year Ended March 31, 2003
(thousands of dollars)

	2003				2002
	Unrestricted	Internally Restricted (Note 9)	Invested in Capital Assets	Total	Total
Excess (deficiency) of revenues over expenses	(2,632)	-	-	(2,632)	1,182
Capital assets purchased with internal funds	(4,570)	-	4,570	-	-
Amortization on internally funded capital assets	575	-	(575)	-	-
Net change	(6,627)		3,995	(2,632)	1,182
Transfer to (from) internally restricted	3,915	(3,915)	-	-	-
Balance at beginning of year	2,712	4,637	2,617	9,966	8,784
End of year	-	722	6,612	7,334	9,966

Note 1 Authority, Purpose and Operations

Regional Health Authority 5 (the "Authority") was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, revised Statutes of Alberta 2000. The Authority is a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The Authority's operations include the following facilities and sites:

Didsbury District Health Services
Drumheller District Health Services
Hanna / Cereal District Health Services
Strathmore District Health Services
Three Hills District Health Services

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 19 (b).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation
These financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

Regional Health Authority 5
Notes To The Financial Statements
For The Year Ended March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to Unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost and net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20 - 40 years
Land improvements	15 - 20 years
Building service equipment	20 years
Equipment, furniture, and software	5-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Accounts payable includes amounts related to the settlement of final construction costs for the new Drumheller care facility. Actual amounts, once settled, may vary. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Temporary Investments

	2003	2002
	(thousands of dollars)	
Cash	10,448	11,911
Federal Government Bonds	407	408
Provincial Government Bonds	332	423
Royal Managed Government Bonds	229	298
	11,416	13,040

The Government of Canada guarantees federal government bonds maturing at various intervals ending June 1, 2011. The Government of Alberta guarantees provincial government bonds maturing at various intervals ending November 19, 2010. The Royal Managed Corporate Bond Pool fund invests primarily in Corporate Bond securities with a minimum credit rating of A- as rated by the Dominion Bond rating services. Payments from these bonds are backed by the ability of the corporation to pay and are not guaranteed. All bonds held at March 31, 2003 bear interest at rates ranging from 4.75% to 9.00% paid annually. The effective yield on these bonds based on the carrying value at March 31, 2003 is 5.8%

Note 4 Non-Current Cash

	2003	2002
	(thousands of dollars)	
Externally restricted for equipment	537	4,283
Externally restricted for building construction betterment	614	504
	1,151	4,787

Non-current cash is comprised of cash and bonds to be used for purposes as disclosed in Note 7. The bonds have the same characteristics, guarantees and maturity dates as those described in Note 3.

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	1,081	-	1,081	1,082
Land improvements	1,008	786	222	256
Buildings	84,043	24,488	59,555	57,697
Building service equipment	485	234	251	275
Equipment	16,484	9,431	7,053	7,409
Capital projects in progress	367	-	367	175
	103,468	34,939	68,529	66,894

Capital assets have been funded from the following sources.

	2003	2002
	(thousands of dollars)	
Unamortized external capital contributions (Note 8)	61,917	64,277
Net assets invested in capital assets	6,612	2,617
	68,529	66,894

Capital asset disposition costs
The Authority has entered into an obligation to demolish the former continuing care facility in Drumheller. Included in these financial statements are the estimated costs of disposal of $575 and the related funding from Alberta Infrastructure of $450.

Acute care facility
During the year the Authority completed construction of a new care facility in Drumheller. While the Authority is not currently using the former acute care facility for the provision of acute care services, it is pursuing options related to alternative uses for the building. Should these options not materialize the net book value of $196 will be charged to income along with the corresponding amortization of external capital contributions. Management estimates the potential cost of demolition to be approximately $1,100 to $1,500 for which no funding has been secured.

Note 6 Deferred contributions

	2003	2002
	(thousands of dollars)	
Amounts received from:		
Alberta Health and Wellness	1,488	1,258
Other government		
Alberta Infrastructure	973	755
Other	-	85
Donations	36	36
Investments and other	-	15
	2,497	2,149
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 11)	(900)	(1,023)
Other government contributions	(1,129)	(338)
Other Income	-	(60)
Donations	(20)	-
Refunds	-	(44)
Reclassification from Def. Capital Contributions (Note 7)	66	-
	(1,983)	(1,465)
Change during the year	514	684
Balance, beginning of year	1,532	848
Balance, end of year	2,046	1,532

Unspent amounts at the end of the year are restricted for the following purposes:

	2003	2002
	(thousands of dollars)	
Current:		
Restricted Donations	155	138
Healthy Aging Partnership Initiative	47	486
Telehealth Operations	10	-
Basic Life Support Training	9	9
Young Family Wellness	158	158
Physician on Call	616	15
ICD-10	-	53
Cervical Screening	-	40
Aboriginal Liaison	35	6
Repair and Maintenance Projects	1,016	627
	2,046	1,532

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2 (a).

	2003	2002
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness	-	624
Investments and other income	-	10
Restricted other government contributions	846	5,926
Donations restricted for capital purposes	94	129
Refund to Alberta Infrastructure	-	(10)
	940	6,679
Transferred to:		
Deferred contributions (Note 6)	(66)	-
Unamortized external capital contributions (Note 8)	(325)	(15,050)
Change during the year	549	(8,371)
Balance, beginning of year	602	8,973
Balance, end of year	1,151	602
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement	17	91
Betterment of capital assets	614	511
Telehealth equipment	520	-
	1,151	602

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 (a). The balance at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance, beginning of year	64,277	51,278
Transfers from deferred capital contributions (Note 7)	325	15,050
Less amounts recognized as:		
Amortization of External capital contributions	(2,685)	(2,051)
Balance, end of year	61,917	64,277

Note 9 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:

	2003	2002
	(thousands of dollars)	
Reserve for demolition of former Drumheller care facility	662	-
Other reserves	-	452
Reserve for future equipment replacement	60	4,185
	722	4,637

Regional Health Authority 5
Notes To The Financial Statements
For The Year Ended March 31, 2003

Note 10 Budget

The budget was approved by the Board of the Authority on August 28, 2002, and approved by the Minister of Health and Wellness.

Note 11 Alberta Health and Wellness Contributions

	2003	2002
	(thousands of dollars)	
Unrestricted Contributions	52,519	50,672
Transferred from deferred contributions (Note 6)	900	1,023
	53,419	51,695

Note 12 Other Government Contributions

	2003	2002
	(thousands of dollars)	
Alberta Infrastructure	650	238
Healthy Aging Partnership Initiative	440	100
Other	46	-
	1,136	338

Note 13 Fees and Charges

	2003	2002
	(thousands of dollars)	
Acute Care		
Non-entitled Revenue – Inpatients	210	241
Non-entitled Revenue – Outpatients	503	471
Preferred Accommodation	35	127
Other	213	177
Continuing Care		
Accommodation Charges	3,677	3,270
Federal Government	3	5
Other Provincial Government	159	65
Total Fees and Charges	4,800	4,356

Note 14 Ancillary Operations

	2003			2002
	(thousands of dollars)			
	Non-patient Food Services Operations	Rental Operations	Total	Total
Revenues				
Revenues	316	25	341	284
Expenses				
Other expenses	227	15	242	190
Excess (deficiency) of revenues over direct expenses, 2003	89	10	99	94
Excess (deficiency) of revenues over direct expenses, 2002	73	21	94	

Note 15 Investment and other income

	2003	2002
	(thousands of dollars)	
Unrestricted interest income	431	492
Other income	574	631
	1,005	1,123

Investment income is comprised of interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income is comprised of laundry recoveries, compensation reimbursed from Workers Compensation and collective agreements, recovery of supplies and services provided to physicians' offices and recovery of outpatient supplies.

Note 16 Facility-based continuing care services

Facility-based continuing care services include expenses for the Healthy Aging Partnership Initiative of $440 (2002: $100).

Note 17 Administration

	2003	2002
	(thousands of dollars)	
General administration	2,835	1,800
Finance	529	462
Quality Management	253	321
Personnel	703	538
Administration – contract operators (Note 19(b))	74	84
	4,394	3,205

Note 18 Support services

	2003	2002
	(thousands of dollars)	
Building maintenance, operations and security	4,651	3,866
Communications	494	472
Education	301	218
Housekeeping	1,999	1,833
Laundry and linen	665	655
Materials management	925	1,143
Patient food services	3,366	3,183
Patient health records, registration, volunteer	1,638	1,536
Patient transportation	1,573	1,320
Support services–contract Operators (Note 19b)	461	466
	16,073	14,692

Note 19 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 6, 7, 11, and 12 to the financial statements.

(b) Voluntary and Private Health Service Operators

The Authority contracts with a voluntary and private health service operator to provide health services in the Region. The Board of Directors of the contracted service operator has full control of operations and the Authority treats the contract as an economic interest. The operator and cost of the contracted health services for the year are as follows:

	2003			2002
	(thousands of dollars)			
	Direct Authority Funding	Approved Patient Fees and Charges	Total	Total
Linden Nursing Home	1,084	405	1,489	1,462
	1,084	405	1,489	1,462

Reported in the following expense categories:

	2003	2002
	(thousands of dollars)	
Facility based continuing care services	849	811
Diagnostic and therapeutic services	105	101
Administration	74	84
Support services	461	466
	1,489	1,462

Note 20 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $1,101 for the year ended March 31, 2003 (2002 $1,008).

At December 31, 2002, the Local Authorities Pension Plan reported a deficit of $444,980 (2001 surplus of $634,960).

Note 21 Commitments

The Authority has contracted for the provision of electricity for the period January 1, 2001 to December 31, 2004. The authority has the right to draw up to 10,466,400 kilowatt hours per year at a fixed price of 11.487 cents per kilowatt hour. If the electricity provider is able to acquire it at a reduced rate this savings is passed on to the Authority.

Note 22 Trust Funds

The Authority holds patient trust accounts of $58. These amounts are not reflected in these financial statements.

Note 23 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $2,632 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the Regulation, the Authority used previously accumulated unrestricted net assets to offset the deficit.

Note 24 Boundary Realignment

On December 19, 2002 the Minister of Health and Wellness announced that the number of Regional Health Authorities would be reduced to nine, effective April 1, 2003.
The assets, liabilities and net assets of the Authority will be assumed in part by the David Thompson Health Region and the Calgary Health Region at carrying value.

Schedule 1

Regional Health Authority 5
Schedule of Expenses by Object
For the Year Ended March 31, 2003
(thousands of dollars)

	Budget	2003	2002
Salaries, benefits, allowances and severance (Schedule 2)	40,698	42,382	38,832
Contracts with health service operators (Note 19(b))	1,462	1,489	1,462
Drugs, medical and surgical supplies	1,980	2,418	1,984
Consulting services and interpretation fees	4,659	2,856	1,732
Other	10,090	13,157	12,235
Amortization:			
Capital equipment - internally funded	469	443	462
Capital equipment - externally funded	592	578	593
Facilities and improvements	2,192	2,196	1,458
Capital assets write-down - facilities and improvements	-	583	-
	62,142	66,102	58,758
Less amount reported in ancillary operations (Note 14)	(8)	(242)	(190)
	62,134	65,860	58,568

Other expenses are comprised of:

Utilities	1,946	1,420
Dietary and food supplies	1,195	1,248
Diagnostic and therapeutic supplies	679	568
Patient and staff travel	1,603	1,706
Referred out services	2,160	1,985
Healthy Aging Partnership Initiative	440	100
Equipment purchase and maintenance	1,724	1,567
Various	3,410	3,641
	13,157	12,235

Schedule 2 (continued)

Regional Health Authority 5
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2003

(1) Full time equivalent (FTE) has been determined in annual hours as follows:

Management persons reporting to the CEO	2,022.75
Other management	2,022.75 All other
Regulated nurses	1,921.48 Registered nurses 2,022.75 Licensed Practical Nurses 1,827.00 Community Health Nurses
Other technical health and professional	2,022.75 All other
Unregulated health service providers	2,022.75 All other
Other staff	2,022.75 All other

Total actual discrete number of individuals employed: 1,075

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which have not been included in salaries and benefits.

David Thompson
#6

DAVID THOMPSON REGIONAL
HEALTH AUTHORITY

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2003
And
AUDITORS' REPORT

CUTHBERTSON SANDALL
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

TO THE MEMBERS OF THE
DAVID THOMPSON REGIONAL HEALTH AUTHORITY
AND THE MINISTER OF HEALTH

We have audited the statement of financial position of the David Thompson Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 25, 2003
Red Deer, Alberta

Cuthbertson Sandall
Chartered Accountants

DAVID THOMPSON HEALTH REGION

Corporate Office
#602, 4920 - 51 Street
Red Deer, Alberta T4N 6K8

Phone 403-341-8622 Fax 403-341-8632

David Thompson Regional Health Authority
Management's Responsibility for Financial Reporting
March 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Governance Committee. This Committee meets with management and the external auditor, Cuthbertson Sandall, Chartered Accountants, to discuss and review financial matters, and recommends the financial statements to the David Thompson Regional Health Authority Board for approval. The external auditor has full and free access to the Governance Committee.

The external auditor, Cuthbertson Sandall, Chartered Accountants, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Chief Executive Officer

Vice President & Chief Operating Officer
Corporate Services

David Thompson Regional Health Authority
Statement of Financial Position
March 31, 2003
(thousands of dollars)

	2003	2002
Assets		
Current:		
Cash and temporary investments (Note 3)	37,740	39,926
Accounts receivable	2,459	2,976
Contributions receivable	1,466	2,548
Inventories	2,977	2,899
Prepaid expenses	1,016	858
	45,658	49,207
Non-current cash and accounts receivable (Note 4)	27,472	67,056
Capital assets (Note 5)	142,199	111,054
Other assets (Note 6)	5,385	434
	220,714	227,751
Liabilities and Net Assets		
Current:		
Accounts payable	22,389	16,731
Accrued vacation pay	9,892	9,764
Current portion of deferred contributions (Note 7)	2,955	4,625
Current portion of long-term debt (Note 9)	47	59
	35,283	31,179
Deferred contributions (Note 7)	24,451	24,716
Deferred capital contributions (Note 8)	8,379	42,340
Long-term debt (Note 9)	614	660
Unamortized external capital contributions (Note 10)	124,853	96,242
	193,580	195,137
Net assets:		
Unrestricted	1,574	1,499
Internally restricted (Note 11)	9,300	17,447
Investment in capital assets	16,260	13,668
	27,134	32,614
	220,714	227,751

The accompanying notes and schedules are part of these financial statements.
Approved on behalf of the David Thompson Regional Health Authority:

Chairperson

Board Member

David Thompson Regional Health Authority
Statement of Operations
For the Year Ended March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 13)	214,185	215,550	199,575
Other government contributions (Note 14)	3,182	3,939	3,387
Fees and charges (Note 15)	13,468	13,094	12,393
Net ancillary operations (Note 16)	431	296	596
Donations	900	722	1,053
Investment and other income (Note 17)	4,627	4,012	5,915
Amortization of external capital contributions (Note 10)	7,259	6,932	6,702
	244,052	244,545	229,621
Expenses (Schedule 1)			
Facility based inpatient acute services	65,272	63,890	60,222
Facility based emergency and outpatient services	15,937	15,848	14,041
Facility based continuing care services	29,037	28,889	27,627
Community and home based services	12,415	12,577	11,580
Diagnostic and therapeutic services	50,241	52,035	47,401
Promotion, prevention and protection services	9,228	8,663	7,913
Administration (Note 18)	10,926	10,655	10,422
Information technology	4,417	3,468	3,136
Support services (Note 19)	48,402	49,263	45,596
Amortization of facilities and improvements	4,731	4,737	4,660
	250,606	250,025	232,598
Deficiency of revenues over expenses	(6,554)	(5,480)	(2,977)

David Thompson Regional Health Authority
Statement of Changes in Net Assets
For the Year Ended March 31, 2003
(thousands of dollars)

	2003				2002
	Unrestricted	Internally Restricted (Note 11)	Invested in Capital Assets	Total	Total
Deficiency of revenues over expenses	(5,480)	-	-	-	(2,977)
Capital assets purchased with internal funds	(537)	(4,377)	4,914	-	-
Amortization on internally funded capital assets	2,380	-	(2,380)	-	-
Repayment of long-term debt used to fund capital assets	(58)	-	58	-	-
Net change	(3,695)	(4,377)	2,592	(5,480)	(2,977)
Transfer to (from) internally restricted	3,770	(3,770)	-	-	-
Balance at beginning of year	1,499	17,447	13,668	32,614	35,591
End of year	1,574	9,300	16,260	27,134	32,614

David Thompson Regional Health Authority
Statement of Cash Flows
For the Year Ended March 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities			
Deficiency of revenues over expenses	(6,554)	(5,480)	(2,977)
Non-cash transactions:			
Amortization of capital equipment - internally funded	2,140	1,739	1,570
Amortization of capital equipment - externally funded	2,099	2,642	2,392
Amortization of facilities and improvements	4,760	4,737	4,660
Amortization of external capital contributions	(6,859)	(6,932)	(6,702)
Loss on disposal of capital equipment	-	136	58
	(4,414)	(3,158)	(999)
Changes in non-cash working capital accounts	(293)	5,479	7,138
Cash generated from operations	(4,707)	2,321	6,139
Investing activities			
Purchase of capital assets:			
Internally funded	(2,877)	(4,914)	(2,742)
Externally funded equipment	(490)	(4,627)	(3,843)
Externally funded facilities and improvements	(37,700)	(30,925)	(5,267)
Proceeds on sale of capital assets	-	66	-
Increase in other assets	(14,865)	(4,951)	(90)
Cash used by investing activities	(55,932)	(45,351)	(11,942)
Financing activities			
Allocations from (to) non-current cash and accounts receivable (Note 4)	7,340	39,584	(59,645)
Decrease (increase) in deferred contributions	21,000	(265)	21,431
Capital contributions received (Note 8)	25,850	1,583	47,324
Principal payments on long-term debt	(92)	(58)	(211)
Cash generated from financing activities	54,098	40,844	8,899
Increase (decrease) in cash and temporary investments	(6,541)	(2,186)	3,096
Cash and temporary investments, beginning of year	39,926	39,926	36,830
Cash and temporary investments, end of year	33,385	37,740	39,926

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 1 Authority, Purpose and Operations

The David Thompson Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, revised Statutes of Alberta 2000. The Authority is a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The Authority operates the following facilities and sites:

Bashaw Health Centre	Red Deer Nursing Home
Bentley Care Centre	Red Deer Regional Hospital Centre
Dr. Richard Parsons Care Centre	Rimbey Hospital and Care Centre
Innisfail Health Centre	Rocky Mountain House Hospital and Care Centre
Lacombe Hospital and Care Centre	Sundre Hospital and Care Centre
Olds Hospital and Care Centre	Valley Park Manor
Ponoka Hospital and Care Centre	
Eckville Community Health Centre	Red Deer Community Health Centres
Elnora Community Health Centre	Rimbey Community Health Centre
Lacombe Community Health Centre	Rocky Mountain House Community Health Centre
Olds Community Health Centre	Sundre Community Health Centre
Ponoka Community Health Centre	Sylvan Lake Community Health Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region, except to the extent disclosed in Note 20(b).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

a) Basis of Presentation

These financial statements are prepared on a consolidated basis and include the accounts of the facilities and sites disclosed in Note 1 but do not include the accounts of the David Thompson Health Region Foundation.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when received or receivable.

(ii) Externally restricted non-capital contributions are recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. The fair value transactions consist of the following:

(i) Revenues earned by contracted health service operators from Ministry of Health designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(c) Full cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(iv) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenues and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(d) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings.

Sufficient information is not available to record the Authority's transactions using the accounting recommendations for defined benefit pension plans. The Authority therefore uses the accounting recommendations for defined contribution pension plans whereby the pension costs included in the financial statements comprise the employer's contributions for its employees during the year. The contributions are based on rates which are expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

The Authority fully [illegible]s it obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Investments

Temporary investments and marketable securities are recorded at the lower of cost or market value.

(f) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, accounts payable and accrued vacation pay approximates their fair value because of the short-term maturity of these items.

The carrying value of long-term debt approximates its fair value because the interest rates approximate market value.

(g) Inventories

Inventories are valued at the lower of cost or net realizable value where cost is determined on an average cost basis.

(h) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Equipment	5-20 years
Asset development costs	3 years

Capital construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(i) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Temporary Investments

	2003	2002
	(thousands of dollars)	
Cash	15,256	48,336
Marketable securities, at market	5,497	-
Temporary investments	44,459	35,527
	65,212	83,863
Less non-current cash (Note 4)	(27,472)	(43,937)
	37,740	39,926

Temporary investments are comprised of money market mutual fund units and interest bearing investments, which accrue investment income at current market rates.

Marketable securities comprise publicly traded equities. Risk is minimized by prudent security selection and sector rotation through independent investment counsel.

Note 4 Non-current Cash and Accounts Receivable

Non-current cash and accounts receivable are represented by the following:

	2003	2002
	(thousands of dollars)	
Cash		
Externally restricted donations for capital purposes	588	45
Externally restricted grants for major redevelopment project	7,287	37,860
Externally restricted grants for capital purposes	19,597	6,032
	27,472	43,937
Accounts receivable		
Externally restricted grants for capital purposes	-	23,119
	27,472	67,056

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	3,510	-	3,510	3,510
Land improvements	2,530	1,600	930	995
Buildings and service equipment	164,352	92,235	72,117	76,652
Equipment	64,842	36,778	28,064	22,477
Asset development costs	516	516	-	-
Capital projects in progress	37,578	-	37,578	7,420
	273,328	131,129	142,199	111,054

Capital assets have been funded from the following sources:

	2003	2002
	(thousands of dollars)	
Short-term debt	425	425
Long-term debt (Note 9)	661	719
Unamortized external capital contributions (Note 10)	124,853	96,242
Net assets invested in capital assets	16,260	13,668
	142,199	111,054

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 6 Other Assets

	2003	2002
	(thousands of dollars)	
Energy conservation program	-	49
Loans receivable - Continuum Healthcare Corp.	327	358
- Voluntary health service providers	5,031	-
Mineral rights	24	24
Cooperative's shares	3	3
	5,385	434

Loans Receivable:

The Authority has a forgivable loan with Continuum Healthcare Corporation initiated under the Health Aging Partnership Initiative. During the year $31,150 was forgiven under the terms of that agreement.

The Authority signed contracts with two voluntary health service providers under the Long Term Care Partnership Initiative (P3) and Health Aging Partnership Initiative (HAPI) to construct and operate three continuing care facilities and two assisted living facilities. During the year, the Authority loaned $5,030,935 under those initiatives related to the construction of those facilities. Under the terms of the agreements, the Authority will loan the voluntary health service providers a maximum of $22,897,885 which will be forgiven or repaid over a term of 30 years commencing on the date of completion of each of the facilities.

Note 7 Deferred Contributions

	2003	2002
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions	401	514
Other government contributions	1,696	29,372
Interest income	447	-
Amounts transferred to deferred capital contributions (Note 8)	(48)	(915)
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	(1,363)	(3,217)
Investment and other income	(401)	(64)
Other government contributions	(2,667)	(2,676)
Change during the year	(1,935)	23,014
Balance, beginning of year	29,341	6,327
Balance, end of year	27,406	29,341
Less current portion	(2,955)	(4,625)
	24,451	24,716

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 7 Deferred Contributions (continued)

Unspent amounts at end of year are restricted for the following purposes:

	2003	2002
	(thousands of dollars)	
Non-current		
Healthy Aging Partnership Initiative and Long term care partnership	24,451	24,716
Current		
Alberta Infrastructure renovation projects	1,023	2,023
Case costing	38	74
Continuing Care Initiative	113	210
Enhancement to Electronic Delivery to Physicians	100	-
Hobemma Indian Health Services	90	-
Human Resource Strategic	282	513
Nurse Practitioner	265	465
Nurse Practitioner - AMA	7	7
O'Chiese Health	40	39
Other	225	474
Persons with Development Disabilities	105	2
Specialist On Call	128	338
Sunchild Health	33	53
Young Family Wellness	506	427
	2,955	4,625
	27,406	29,341

Note 8 Deferred Capital Contributions

The deferred capital contribution balance represents amounts accounted for in accordance with the accounting policy described in Note 2(b)(iii).

	2003	2002
	(thousands of dollars)	
Amounts received:		
Restricted other government contributions	670	46,498
Amounts transferred from deferred contributions (Note 7)	48	915
Donations restricted for capital purposes	864	661
	1,582	48,074
Amounts recognized as revenue:		
Alberta Health and Wellness contributions	-	(322)
Other government contributions	-	(428)
	1,582	47,324
Transferred to:		
Unamortized external capital contributions (Note 10)	(35,543)	(9,110)
Change during the year	(33,961)	38,214
Balance, beginning of year	42,340	4,126
Balance, end of year	8,379	42,340

The balance at the end of the year is restricted for the following purposes:

	2003	2002
	(thousands of dollars)	
Equipment replacement	642	3,988
Major redevelopment project	7,287	37,860
Betterment of capital assets	450	492
	8,379	42,340

Note 9 Long-term Debt

	2003	2002
	(thousands of dollars)	
Bank loan, due in monthly installments of $6,827 including interest at 5.49%. Secured by a general assignment of book debts, maturing November 1, 2003.	661	705
Bank loan	-	14
	661	719
Less current portion	(47)	(59)
Long-term portion	614	660

Future principal payments are estimated as follows:

2004	47
2005	49
2006	52
2007	55
2008 and thereafter	458
	661

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(b)(iii). The balance at the end of the year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance, beginning of year	96,242	93,834
Add: Amounts transferred from deferred capital contributions (Note 8)	35,543	9,110
Less: Amounts recognized as revenue	(6,932)	(6,702)
Balance, end of year	124,853	96,242

Note 11 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:

	2003	2002
	(thousands of dollars)	
Board established reserves:		
Funding reserve	1,276	5,394
Other reserves	800	527
Reserve for future equipment replacement	3,724	5,714
	5,800	11,635
Authority designated for specific communities	3,500	5,812
	9,300	17,447

Note 12 Budget

	Approved Budget (1)	Adjustments (2)	Reported Budget
	(thousands of dollars)		
Revenues			
Alberta Health and Wellness contributions	211,994	2,191	214,185
Other government contributions	2,240	942	3,182
Fees and charges	13,941	(473)	13,468
Net ancillary operations	444	(13)	431
Donations	900	-	900
Investment and other income	2,978	1,649	4,627
Amortization of external capital contributions	6,859	400	7,259
	239,356	4,696	244,052
Expenses			
Facility based inpatient services	61,579	3,693	65,272
Facility based emergency and outpatient services	17,575	(1,638)	15,937
Facility based continuing care services	28,574	463	29,037
Community and home based services	12,428	(13)	12,415
Diagnostic and therapeutic services	48,496	1,745	50,241
Promotion, prevention and protection services	8,573	655	9,228
Administration	11,169	(243)	10,926
Support services	48,662	(260)	48,402
Information technology	4,123	294	4,417
Amortization of facilities and improvements	4,731	-	4,731
	245,910	4,696	250,606
Excess of expenses over revenue	(6,554)	-	(6,554)

(1) The approved budget amounts were part of the annual Business Plan approved by the Board of the Authority on May 1, 2002 and subsequently approved by the Minister of Health and Wellness.

Note 12 Budget (continued)

(2) Adjustments

Classification Adjustments

The Business Plan submitted to Alberta Health and Wellness included significant budget allocations based on management estimates. The budget was subsequently adjusted for actual allocations as they became known.

Projects

The budget was adjusted for project funding and expenditures not previously contemplated in the business plans submitted.

Note 13 Alberta Health and Wellness Contributions

	2003	2002
	(thousands of dollars)	
Unrestricted contributions	210,293	195,852
Restricted contributions	5,069	3,535
Restricted contributions made by Alberta Health and Wellness directly to contracted health service operators for capital upgrade	188	188
	215,550	199,575

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 14 Other Government Contributions

	2003	2002
	(thousands of dollars)	
Alberta Infrastructure	1,698	1,467
Healthy Aging Partnership Initiatives	712	415
Fair value of rent for non-acute care facilities used by the Authority	157	149
Other contributions	1,372	1,356
	3,939	3,387

Note 15 Fees and Charges

	2003	2002
	(thousands of dollars)	
Acute Care		
Non-entitled revenue – inpatients	1,309	1,109
Non-entitled revenue – outpatients	617	674
Preferred accommodation	233	243
Other	15	13
Continuing Care		
Accommodation charges	7,934	7,481
Other	72	52
Home care fees	3	5
Federal government	231	189
Workers Compensation Board (WCB)	1,673	1,632
Fair value adjustments	1,007	995
	13,094	12,393

Note 16 Net Ancillary Operations

	2003 (thousands of dollars)								2002
	Non-patient Food Services Operations	Laundry Operations	Lab Services	Parking Operations	TV Telephone	David Thompson Dispensary	Other	Total	Total
Revenues									
Revenues	752	56	386	852	93	408	12	2,620	2,808
Expenses									
Other expenses	714	36	379	639	54	494	–	2,316	2,199
Amortization	1	–	7	–	–	–	–	8	13
	715	36	386	639	54	494	–	2,324	2,212
Excess (deficiency) of revenues over direct expenses 2003	38	20	–	213	39	(26)	12	296	596
Excess (deficiency) of revenues over direct expenses 2002	86	74	–	399	55	(38)	20	596	

Note 17 Investment and Other Income

	2003	2002
	(thousands of dollars)	
Unrestricted investment income	672	1,550
Other income	3,340	4,365
	4,012	5,915

Other income is comprised of various revenue and expense recoveries external to the Authority.

Note 18 Administration

	2003	2002
	(thousands of dollars)	
General administration	4,896	4,923
Finance	3,061	2,962
Human resources	2,698	2,537
	10,655	10,422

Note 19 Support Services

	2003	2002
	(thousands of dollars)	
Bio-medical engineering	404	325
Building maintenance, operations and security	12,750	10,611
Case management administration	856	731
Communications	815	843
Education	2,204	2,225
Housekeeping	6,931	6,446
Laundry and linen	2,635	2,739
Materials management	4,307	4,090
Patient food services	8,777	8,538
Patient health records	4,471	4,437
Patient registration	1,525	1,445
Patient internal transportation	3,137	2,756
Volunteer services	451	410
	49,263	45,596

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 20 Related Parties

(a) Controlled Foundations

The Authority controls the David Thompson Health Region Foundation which was formerly the Red Deer Regional Hospital Centre Foundation (the "Foundation"). This control is a result of the Authority having significant economic interest in the Foundation and the purpose of the Foundation is integrated with the Authority. However, the Foundation is not consolidated in these financial statements.

Financial information for the Foundation is as follows.

	2003	2002
	(thousands of dollars)	
Total assets	5,359	4,567
Total liabilities	(1,263)	(1,077)
Net assets	4,096	3,490
Revenues	1,809	1,735
Contributions to the Authority plus operating expenses	(1,204)	(1,219)
Excess of revenues over expenses	605	516

Contributions Received by the Authority		Resources Held by the Foundation	
Year ended March 31,		As at March 31, 2003	
2003	2002	Externally Restricted	Unrestricted
(thousands of dollars)			
726	877	2,444	1,652

The Foundation's financial statements were prepared using the restricted fund method of accounting.

Note 20 Related Parties (continued)

(a) Controlled Foundations (continued)

Contributions include externally restricted amounts for equipment, programs, research and education for the Red Deer Regional Hospital Centre.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end are as follows:

Administrative Support		Accounts Receivable	
Year ended March 31,		As at March 31, 2003	
2003	2002	Externally Restricted	Unrestricted
(thousands of dollars)			
10	10	47	45

Note 20 Related Parties (continued)

(b) Health Service Operators

The Authority contracts with health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	2003				2002
	(thousands of dollars)				
	Direct Authority Funding	Direct Alberta Health Funding	Approved Patient Fees and Charges	Total	Total
DKML Provincial Laboratories	4,123	-	-	4,123	3,743
Northcott Care Centre	2,510	188	721	3,419	3,405
St. Mary's Health Care Centre	1,418	-	286	1,704	1,646
Private physiotherapy clinics	1,253	-	-	1,253	1,256
Other	368	-	-	368	344
	9,672	188	1,007	10,867	10,394

The Authority views the relationships with these health service operators as ones where an economic interest exists. The Authority transfers significant resources to these organizations. These organizations are required to perform functions on behalf of the reporting organization that are integral to the Authority achieving its objectives.

The expenses related to these activities have been recorded as follows:

	2003	2002
	(thousands of dollars)	
Northcott Care Centre and St. Mary's Health Care Centre		
Facility based continuing care services	2,549	2,513
Diagnostic and therapeutic services	497	486
Administration	576	570
Support services	1,501	1,482
	5,123	5,051
All other operators		
Community and home based services	212	144
Promotion, protection and prevention	156	189
Diagnostic and therapeutic services	5,376	5,010
	10,867	10,394

Note 20 Related Parties (continued)

(c) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two thirds of the board members of the Authority are elected. The Minister of Health and Wellness appoints the remaining board members. Transactions between the Authority and the Provincial Government Alberta Health and Wellness are disclosed in the Statement of Operations and in notes 7, 8, 13 and 14 to the financial statements.

(d) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the province of Alberta. Transactions between the Authority and other health authorities are reported in the statement of operations and Note 20(b) to the financial statements.

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $5,192,168 for the year ended March 31, 2003 (2002, $4,527,642).

At December 31, 2002, the Local Authorities Pension Plan reported a deficit of $444,980,000 (2001 surplus $634,960,000).

Note 22 Comparative Figures

Certain comparative figures have been reclassified to conform with the current year presentation.

David Thompson Regional Health Authority
Notes to the Financial Statements
For the Year Ended March 31, 2003

Note 23 Boundary Change

On December 19, 2002 the Minister of Health and Wellness announced that the number of Regional Health Authorities would be reduced from seventeen to nine effective April 1, 2003. As a result, part of the assets and liabilities of Health Authority 5 and East Central Regional Health Authority #7 will be transferred to the Authority at carrying value. The assets and liabilities of the Bashaw Health Centre will be transferred from the Authority to East Central Regional Health Authority #7 at carrying value. As well, all of the assets and liabilities of the Crossroads Regional Health Authority #9 will be transferred to the Authority at carrying value.

In addition, the assets and liabilities representing the geographic distribution of mental health services of the Alberta Mental Health Board will be transferred to the Authority on April 1, 2003 at carrying value.

Note 24 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $5,480,000 for the year ended March 31, 2003 (2002, $2,977,000). In accordance with Section 2.9(3) of the Regulation, the Authority used previously accumulated internally restricted net assets to offset the deficit.

Schedule 1

David Thompson Regional Health Authority
Schedule of Expenses by Object
For the Year Ended March 31, 2003
(thousands of dollars)

	Budget	2003	2002
Salaries, benefits, allowances and severance (Schedule 2)	170,481	171,968	160,258
Contracts with health service operators (Note 20(b))	9,283	10,867	10,394
Drugs, medical and surgical supplies	12,161	13,195	11,978
Consulting services and interpretation fees	15,824	15,985	13,724
Interest on long-term debt	37	37	44
Other	35,966	31,043	29,732
Amortization:			
Capital equipment - internally funded	2,197	1,875	1,628
Capital equipment - externally funded	2,099	2,642	2,392
Facilities and improvements	4,858	4,737	4,660
	252,906	252,349	234,810
Less amount reported in ancillary operations (Note 16)	(2,300)	(2,324)	(2,212)
	250,606	250,025	232,598

Other expenses are comprised of:

	2003	2002
Building and equipment maintenance	6,619	5,932
Diagnostic and therapeutic supplies	3,207	3,008
Dietary supplies	2,863	2,846
Equipment purchases (non capital)	595	1,675
Healthy Aging Partnership Agreement grants	712	415
Patient transportation and staff travel	4,617	4,200
Utilities	4,517	3,413
Various	7,913	8,243
	31,043	29,732

Schedule 2 (continued)

David Thompson Regional Health Authority
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the Year Ended March 31, 2003

(1) Full time equivalent (FTE) has been determined in annual hours as follows:

Management persons reporting to the CEO	2,022.75
Other management	2,022.75 All other
	1,794.00 Community Health
Regulated nurses	1,921.48 Registered nurses
	2,022.75 Licensed Practical Nurses
	1,794.00 Community Health Nurses
Other technical health and professional	2,022.75 All other
	1,794.00 Community Health
Unregulated health service providers	2,022.75 All other
	1,794.00 All other
Other staff	2,022.75 All other
	1,794.00 Community Health

Total actual discrete number of individuals employed: 4,365 (2002: 4,386)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, workers compensation, car benefits and allowances and tuition.

(4) Severance includes:

All monies paid directly or on behalf of an employee upon termination which have not been included in salaries and benefits.

East Central
#7

East Central Regional Health Authority 7

Financial Statements

March 31, 2003

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

FINANCIAL STATEMENTS

MARCH 31, 2003

Auditor's Report

Statement of Management's Responsibility for Financial Reporting

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Notes to the Financial Statements

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Schedule 2 – Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

AUDITOR'S REPORT

To the Members of the East Central Health and the
Minister of Health and Wellness

I have audited the statement of financial position of the East Central Regional Health Authority 7 ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
June 10, 2003

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the East Central Regional Health Authority 7 Board for approval. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Steve Petz
President and
Chief Executive Officer

Norm Petherbridge, CA
Chief Financial Officer

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF FINANCIAL POSITION

March 31, 2003

(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 16,772	$ 20,063
Accounts receivable	1,657	3,498
Contributions receivable	738	668
Inventories	545	532
	19,712	24,761
Non-current cash and investments (Note 3)	15,857	19,605
Capital assets (Note 4)	85,882	74,862
TOTAL ASSETS	$ 121,451	$ 119,228
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 9,492	$ 10,573
Accrued vacation pay	4,610	4,803
Deferred contributions (Note 5)	3,069	2,857
	17,171	18,233
Deferred contributions (Note 5)	853	1,012
Deferred capital contributions (Note 6)	15,004	18,593
Unamortized external capital contributions (Note 7)	82,098	71,229
	115,126	109,067
Net assets:		
Unrestricted	2,541	6,528
Investment in capital assets	3,784	3,633
	6,325	10,161
TOTAL LIABILITIES AND NET ASSETS	$ 121,451	$ 119,228

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF OPERATIONS

March 31, 2003

(thousands of dollars)

	2003		2002
	Budget (Note 8)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 9)	$ 132,774	$ 132,049	$ 127,918
Other government contributions (Note 10)	4,787	3,662	3,177
Fees and charges (Note 11)	11,882	12,952	11,602
Ancillary operations, net (Note 12)	24	11	42
Donations	-	348	307
Investment and other revenue (Note 13)	1,744	1,252	2,015
Amortization of external capital contributions, health operations (Note 7)	3,988	4,367	3,857
TOTAL REVENUE	155,199	154,641	148,918
Expenses (Schedule 1)			
Facility-based inpatient acute care services	28,399	28,630	28,783
Facility-based emergency and outpatient services	5,066	5,759	5,406
Facility-based continuing care services	30,175	29,907	28,111
Community and home-based services	15,627	15,139	15,045
Diagnostic and therapeutic services	22,511	22,216	20,531
Promotion, prevention and protection services	4,920	4,969	4,585
Research and education	56	55	56
Administration (Note 14)	10,230	10,153	9,704
Information technology	2,112	2,309	2,002
Support services (Note 15)	36,731	36,340	33,225
Amortization of facilities and improvements	3,243	3,276	3,069
TOTAL EXPENSES	159,070	158,753	150,517
Deficiency of revenue over expenses	$ (3,871)	$ (4,112)	$ (1,599)

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2003

(thousands of dollars)

	2003			2002
	Unrestricted	Invested in Capital Assets	Total	Total
Deficiency of revenue over expenses	$ (4,112)	$ -	$ (4,112)	$ (1,599)
Capital assets purchased with internal funds	(475)	475	-	-
Contributed land	-	276	276	-
Amortization on internally funded capital assets:				
capital equipment	597	(597)	-	-
facilities and improvements	3	(3)	-	-
Transfer of capital grant	-	-	-	(5)
Net change	(3,987)	151	(3,836)	(1,604)
Balance at beginning of year	6,528	3,633	10,161	11,765
Balance at end of year	$ 2,541	$ 3,784	$ 6,325	$ 10,161

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

STATEMENT OF CASH FLOWS

March 31, 2003

(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	$ (3,871)	$ (4,112)	$ (1,599)
Non-cash transactions:			
Amortization of capital equipment:			
internally funded	402	597	609
externally funded	744	1,094	789
Amortization of facilities and improvements	3,244	3,276	3,069
Amortization of external capital contributions	(3,990)	(4,367)	(3,859)
Gain on disposal of capital equipment	-	(1)	(20)
	(3,471)	(3,513)	(1,011)
Changes in non-cash working capital accounts	(2,061)	696	3,671
Cash generated from (used by) operations	(5,532)	(2,817)	2,660
Investing activities:			
Purchase of capital assets:			
internally funded	(1,037)	(475)	(473)
externally funded - land	-	(276)	-
externally funded (Note 6):			
equipment	-	(2,736)	(2,110)
facilities and improvements	(8,000)	(9,040)	-
work in progress	-	(3,460)	(508)
Proceeds on sale of capital assets	-	1	31
Capital assets transferred	-	-	1,164
Decrease (increase) in allocations to non-current cash	8,908	3,748	(14,620)
Cash used by investing activities	(129)	(12,238)	(16,516)
Financing activities:			
(Decrease) increase in non-current deferred contributions (Note 5)	(908)	(159)	105
Capital contributions received (Note 6)	-	11,923	17,133
Capital assets transferred	-	-	(1,164)
Cash generated from (used by) financing activities	(908)	11,764	16,074
(Decrease) increase in cash and temporary investments	(6,569)	(3,291)	2,218
Cash and temporary investments, beginning of year	20,487	20,063	17,845
Cash and temporary investments, end of year	$ 13,918	$ 16,772	$ 20,063

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2003
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The East Central Regional Health Authority 7 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, and Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

- Camrose Community Health Services
- Castor Community Health Services
- Consort Community Health Services
- Consort Health Centre
- Coronation Community Health Services
- Coronation Health Centre
- Daysland Health Centre
- Galahad Health Centre
- Hardisty Health Centre
- Islay Health Centre
- Kitscoty Community Health Services
- Provost Community Health Services
- Provost Health Centre
- Sedgewick Community Health Services
- Stettler Community Health Services
- Stettler Health Centre
- Tofield Community Health Services
- Tofield Health Centre
- Vermilion Community Health Services
- Vermilion Health Centre
- Viking Community Health Services
- Viking Health Centre
- Wainwright Community Health Services
- Wainwright Health Centre

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 16(d).

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness and include the following significant accounting policies:

(a) Basis of Presentation

(1) These financial statements do not include the assets, liabilities nor operations of the foundations described in Note 16(b), which are controlled by the Authority.

(2) These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when they become receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Endowments and restricted contributions to purchase capital assets, which will not be amortized, are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods and services would have otherwise been purchased.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators are recorded as revenue and an equivalent amount is recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, the value of volunteers' contributed services is not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide benefits payable under the pension plan. The Authority does not record it's portion of the plan's deficit or surplus.

(d) Investments

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivable, non-current cash and investments, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Financial Instruments (continued)

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

(g) Inventories

Inventories are valued at the lower of cost (moving average) or net realizable value.

(h) Capital Assets

Capital assets and construction and technology projects in progress are recorded at cost. Capital assets with unit costs less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	10-20 years
Buildings and improvements	20-40 years
Furniture and equipment	5-20 years

Construction and technology projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of capital asset ownership to the Authority are accounted for as capital asset acquisitions financed by restricted external contributions.

(i) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 18.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ significantly from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Temporary Investments

	2003	2002
Cash	$ 17,734	$ 23,256
Fixed income investments	9,310	14,005
Equities	5,585	2,407
	$ 32,629	$ 39,668
Market value of cash and temporary investments		
Cash	$ 17,734	$ 23,256
Fixed income investments	9,476	13,861
Equities	5,339	2,730
	$ 32,549	$ 39,847
Classified as		
Current	$ 16,772	$ 20,063
Non-current	15,857	19,605
	$ 32,629	$ 39,668

(a) To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 5% to 20% for cash and cash equivalents, 50% to 80% for fixed-income instruments and 15% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 5.8% per annum for securities maturing between 1 and 49 years. As at March 31, 2003, the securities have the following term structure based on par:

1 to 5 years	38%
6 to 10 years	24%
Over 10 years	38%

Note 3 Cash and Temporary Investments (continued)

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2003	2002
Externally restricted for:		
Healthy Aging Partnership Initiatives (Note 5)	$ 853	$ 1,012
Camrose continuing care capital project (Note 6)	14,932	18,420
Externally restricted for capital acquisitions (Note 6)	72	173
	$ 15,857	$ 19,605

Note 4 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,343	$ -	$ 1,343	$ 1,067
Land improvements	3,477	2,348	1,129	1,039
Buildings and improvements	125,067	53,642	71,425	65,751
Furniture and equipment	29,610	21,592	8,018	6,478
Contruction and technology projects in progress	3,967	-	3,967	527
	$ 163,464	$ 77,582	$ 85,882	$ 74,862
Leased capital assets included above are as follows:				
Land	$ 276	$ -	$ 276	$ -
Land improvements	208	7	201	-
Buildings and improvements	8,832	223	8,609	-
Furniture and equipment	1,678	68	1,610	-
	$ 10,994	$ 298	$ 10,696	$ -

The assets under capital lease pertain to the transfer of assets from St. Mary's Hospital, Camrose and Killam General Hospital to Alberta Infrastructure. Alberta Infrastructure subsequently leased these assets to the Authority.

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions)	$ 82,098	$ 71,229
Internally funded (invested in capital assets)	3,784	3,633
	$ 85,882	$ 74,862

Note 5 Deferred Contributions

	2003	2002
Amounts received from:		
Alberta Health and Wellness	$ 3,203	$ 3,131
Other government:		
Alberta Infrastructure	1,302	2,339
Other	171	92
Donors	-	5
Interest on externally restricted contributions	22	108
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 9)	(2,816)	(2,637)
Other government (Note10)	(1,801)	(706)
Donations	-	(5)
Investment and other revenue	(39)	-
Unexpended amounts returned	(28)	(73)
Amounts transferred from deferred capital contributions (Note 6)	39	5
Change during the year	53	2,259
Balance, beginning of year	3,869	1,610
Balance, end of year	$ 3,922	$ 3,869
Change during the year comprises:		
Current	$ 212	$ 2,154
Non-current	(159)	105
	$ 53	$ 2,259
Unspent amounts at end of year restricted for the following purposes:		
Current:		
Alberta Health and Wellness:		
Early childhood development	$ 186	$ 214
Physician on-call programs	401	179
Ambulatory care systems development	-	83
Action for Health children's initiatives	84	63
Telehealth operating grants	38	-
System transition	241	-
Privacy & security project	143	-
Other Government:		
Capital upgrading projects	1,921	2,273
Cervical cancer screening program	12	40
Tobacco reduction grant	38	-
Minor equipment grant	5	5
	3,069	2,857
Long-term:		
Healthy Aging Partnership Initiatives	853	1,012
	$ 3,922	$ 3,869

Note 6 Deferred Capital Contributions

Deferred capital contributions represent amounts accounted for in accordance with accounting policy described in Note 2(a)(2)(iii).

	2003	2002
Amounts received:		
Restricted other government contributions	$ 11,779	$ 16,730
Donations restricted for capital purposes	183	289
Interest earned on deferred capital contributions	-	119
	11,962	17,138
Amounts transferred to deferred non-capital contributions (Note 5)	(39)	(5)
	11,923	17,133
Transferred to:		
Unrestricted net assets	(276)	-
Unamortized external capital contributions (Note 7)	(15,236)	(2,618)
Change during the year	(3,589)	14,515
Balance, beginning of year	18,593	4,078
Balance, end of year	$ 15,004	$ 18,593
Balance at end of the year is restricted for the following purposes:		
Externally restricted for capital acquisitions: (Note 3)		
Information technology project (pharmacy)	$ -	$ 45
Equipment replacement	69	125
Telehealth equipment	3	3
	72	173
Camrose continuing care capital project (Note 3)	14,932	18,420
	$ 15,004	$ 18,593

Note 7 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(2)(iii). The balance at end of year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 71,229	$ 73,634
Add amounts transferred from		
deferred capital contributions (Note 6)	15,236	2,618
Boundary realignment - capital asset transfer	-	(1,164)
Less amounts recognized as revenue:		
Health operations	(4,367)	(3,857)
Ancillary operations (Note 12)	-	(2)
Balance, end of year	$ 82,098	$ 71,229

Note 8 Budget

The budget was approved by the Authority on April 26, 2002 and approved by the Minister of Health & Wellness.

Note 9 Alberta Health and Wellness Contributions

	2003	2002
Unrestricted contributions	$ 129,074	$ 125,122
Transfers from deferred contributions (Note 5)	2,816	2,637
Capital upgrade	159	159
	$ 132,049	$ 127,918

Note 10 Other Government Contributions

	2003	2002
Transfers from deferred contributions (Note 5)		
Alberta Infrastructure	$ 1,652	$ 645
Others	147	61
	1,801	706
Fair value of rent less rent charges for non-acute care facilities used by the Authority	423	354
Fair value for use of non-owned acute care facilities	1,438	2,117
	$ 3,662	$ 3,177

Note 11 Fees and Charges

	2003	2002
Acute care		
Non-entitled revenue - inpatients	$ 970	$ 788
Non-entitled revenue - outpatients	899	894
Preferred accommodation	28	23
Continuing care		
Non-entitled revenue	21	19
Accommodation charges	8,537	7,723
Preferred accommodation	1,916	1,742
Federal government	160	154
Workers Compensation Board (WCB)	351	259
Food permit fees	70	-
	$ 12,952	$ 11,602

Note 12 Ancillary Operations

	2003				2002
	Non Patient Food Services Operations	Assisted Living Projects	Other Operations	Total	Total
Revenue					
Revenue	$ 637	$ 174	$ 104	$ 915	$ 912
Amortization of deferred capital contributions (Note 7)					2
	637	174	104	915	914
Expenses					
Other expenses	634	227	39	900	869
Amortization	4	-		4	3
	638	227	39	904	872
Excess (deficiency) of revenue over expenses 2002/2003	$ (1)	$ (53)	$ 65	$ 11	
Excess (deficiency) of revenue over expenses 2001/2002	$ -	$ (113)	$ 55		$ 42

Note 13 Investment and Other Revenue

	2003	2002
Investment revenue	$ 410	$ 401
Refund of natural gas charges	-	315
Other revenue	842	1,299
	$ 1,252	$ 2,015

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other revenue comprises charges for laundry services to continuing care clients, home care fees, recoveries of supplies from outpatient services, and various miscellaneous services.

Note 14 Administration

	2003	2002
General administration	$ 3,679	$ 3,402
Finance	1,018	990
Personnel	1,022	1,180
Administration - contract operators (Note 16(d))	4,434	4,132
	$ 10,153	$ 9,704

Note 15 Support Services

	2003	2002
Building maintenance, operations and security	$ 8,297	$ 6,515
Education	613	807
Housekeeping	2,484	2,369
Laundry and linen	1,111	1,228
Materiels management	1,126	1,109
Patient food services	4,411	4,245
Patient health records	1,412	1,363
Patient registration	736	722
Patient transportation	1,637	1,631
Support services - contract operators (Note 16(d))	14,513	13,236
	$ 36,340	$ 33,225

Note 16 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appointed the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations and notes 5, 6, 9 and 10 to the financial statements.

(b) Foundations

The following controlled foundations are not consolidated in these financial statements:

(i) Viking Health Foundation

The Viking Health Foundation was established under the authorization of the Minister of Health on June 27, 1997. Representation on its Board consists of 11 members appointed by the Authority. The Viking Health Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Viking community.

	2003 (unaudited)	2002 (audited)
Total assets	$ 1,771	$ 1,751
Total liabilities	(70)	(35)
Net assets	$ 1,701	$ 1,716
Revenues	$ 176	$ 167
Expenses	(174)	(178)
Excess (deficiency) of revenues over expenses	$ 2	$ (11)

The resources of the Foundation amounting to $1,610 (2002 - $1,608) have been restricted by the donors for the exclusive use of the Viking community.

The Viking Health Foundation prepared financial statements using the restricted fund method.

Note 16 Related Parties (continued)

(b) Foundations (continued)

(ii) Stettler Health Services Foundation

The Stettler Health Services Foundation was established under the authorization of the Minister of Health on June 9, 1998. Representation on its Board consists of 11 members appointed by the Authority. The Stettler Health Services Foundation was created to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of the Stettler community.

	2003 (unaudited)	2002 (audited)
Total assets	$ 582	$ 582
Total liabilities	(39)	(39)
Net assets	$ 543	$ 543
Revenues	$ 64	$ 63
Expenses	(64)	(75)
Excess (deficiency) of revenues over expenses	$ -	$ (12)

The resources of the Foundation amounting to $511 (2002 - $511) have been restricted by the donors for the exclusive use of the Stettler community.

The Stettler Health Services Foundation prepared financial statements using the restricted fund method.

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Viking Health Foundation	$ 62	$ 62	$ -	$ 1,610
Stettler Health Services Foundation	54	71	33	511
	$ 116	$ 133	$ 33	$ 2,121

Note 16 Related Parties (continued)

(c) Other Foundations

The Authority has economic interest in the following foundations.

	Contributions Received by the Authority		Resources held by the Foundation	
	Year ended March 31,		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Daysland General Hospital Foundation	$ 49	$ 14	$ -	$ 121
Wainwright & District Community Health Foundation	51	60	70	487
Coronation & District Health Care Complex Foundation	13	13	-	21
Consort Hospital Foundation	2	2	-	39
	$ 115	$ 89	$ 70	$ 668

Contributions include externally restricted amounts for equipment, programs, research, and education for the specific communities supported by the foundations.

The Board of the Authority is permitted to appoint one representative to the Board of directors of each foundation. These foundations were established to solicit funds from the public in order to assist the Authority in achieving its health goals for the residents of each community.

No administrative support was provided to the foundations referred to in (b) and (c) above.

Amounts due from (payable to) the foundations at year-end are as follows:

	2003	2002
Viking Health Foundation	$ 23	$ 23
Stettler Health Services Foundation	(4)	11
	$ 19	$ 34

Note 16 Related Parties (continued)

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region. The Authority has an economic interest in the organizations listed above as they perform significant functions on behalf of the Authority that are integral to the Authority achieving its health goals and objectives. The health service operators and the amount of the contracted health services for the year are as follows:

	2003				2002
	Direct Authority Funding	Approved Patient Fees and Charges	Full Cost Adjustments	Total	Total
Economic interest:					
St Mary's Hospital, Camrose	$ 15,887	$ 263	$ 863	$ 17,013	$ 17,509
The Bethany Group, Camrose	15,595	3,205		18,800	17,401
Prairie North Health Region (Lloydminster)	11,520	1,679	310	13,509	12,705
Killam General Hospital Corporation	3,457	552	32	4,041	3,814
Our Lady of the Rosary, Castor	2,647	250	233	3,130	2,933
Other providers:					
Laboratory Contracts	2,395			2,395	2,279
Extendicare (Canada) Inc	2,028	678	159	2,865	2,616
Lloydminster Public School District	25			25	25
Lloydminster Catholic School Division	7			7	7
Lloydminster Early Intervention Program	73			73	73
Wainwright Association for Community Living	29			29	32
City of Lloydminster	5			5	5
	$ 53,668	$ 6,627	$ 1,597	$ 61,892	$ 59,399
Reported in the following expense categories					
Facility-based inpatient acute care services				$ 12,467	$ 13,158
Facility-based emergency and outpatient services				2,430	2,273
Facility-based continuing care services				16,271	15,347
Community and home-based services				3,638	1,623
Diagnostic and therapeutic services				9,830	9,330
Promotion, prevention and protection services				269	262
Administration (Note 14)				4,434	4,132
Information technology				40	38
Support services (Note 15)				14,513	13,236
				$ 61,892	$ 59,399

Note 17 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $2,232 for the year ended March 31, 2003 (2002 - $2,042).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficiency of $444,980 (2001 - surplus of $634,960).

Note 18 Trust Funds

The Authority receives funds in trust from Alberta Health and Wellness and Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. In addition, the Authority is providing fiscal management of funds received in trust from Alberta Health and Wellness for the Continuing Care Information and Accountability project and the Alzheimer's Dementia project. These amounts are not included in the operations, assets or liabilities reported in these financial statements.

During the year the Authority received $2,546 (2002 - $5,809) and disbursed $2,838 (2002 - $1,901) for the above noted items. The balance of funds held by the Authority is $7,679 (2002 - $7,971).

Note 19 Commitments

The Authority contracts on an ongoing basis with voluntary and private health service operators to provide health services (Note 16 (d)). The Authority has contracted for services in the year ending March 31, 2004 similar to those provided by these operators in 2003.

In order to manage its exposure to the volatility in the electrical industry, the Board has entered into a four year contract, expiring December 31, 2004, to purchase electrical energy at a fixed price of $9.265 per MWh. Based on 2003 consumption, the annual costs for the year ending March 31, 2004 are expected to be $1,618.

Note 20 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Orders 14, 15 and 24 of 2003, dated March 28, 2003, effective April 1, 2003, a portion of the specified assets and liabilities Lakeland Regional Health Authority and David Thompson Regional Health Authority are transferred to East Central Regional Health Authority 7, which becomes Region 5. Also, a portion of the specified assets and liabilities of East Central Regional Health Authority 7 are transferred to David Thompson Regional Health Authority, which becomes Region 4.

The assets and liabilities are to be distributed at carrying value by the transferor authorities on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred.

The remaining surplus or insufficiency of net assets of Lakeland Regional Health Authority, which is disestablished under Ministerial Order 24, is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the aggregate surplus or insufficiency of net assets to Region 5 at April 1, 2003, has yet to be determined.

Note 21 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $4,112 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the regulation, the Authority used previously accumulated unrestricted net assets to offset the deficit.

Note 22 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Salaries, benefits, allowances and severance (Schedule 2)	$ 65,914	$ 65,795	$ 62,036
Contracts with health service operators (Note 16 (d))	62,444	61,892	59,399
Drugs, gases, medical and surgical supplies	2,327	2,543	2,507
Consulting services	7,162	6,743	6,585
Other	17,744	17,718	16,415
Amortization			
Capital equipment - internally funded (net of gains/losses)	402	596	608
Capital equipment - externally funded (net of gains/losses)	744	1,094	770
Facilities and improvements	3,244	3,276	3,069
	159,981	159,657	151,389
Less amounts reported in ancillary operations (Note 12)	(911)	(904)	(872)
	$ 159,070	$ 158,753	$ 150,517

Schedule 2

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDING MARCH 31, 2003

(thousands of dollars)

	2003							2002			
					Severance						
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits & Allowances	Severance[1]	Total
Authority Board Compensation											
Chair - E. Andersen	1	32		32			32	1	19	-	19
M. Arnold (April 2000 - November 2001)	-	-		-			-	1	5	-	5
G. Bergman	1	8		8			8	1	7	-	7
H. Chesterman (commencing November 2001)	1	11		11			11	1	4	-	4
R. Cooker	1	10		10			10	1	8	-	8
N. Denny	1	5		5			5	1	8	-	8
R. Dueck (April 2000 - November 2001)		-		-			-	1	5	-	5
G. Galenza (commencing November 2001)	1	5		5			5	1	4	-	4
K. Griffiths (April 2000 - November 2001)		-		-			-	1	5	-	5
P. Gulak (commencing November 2001)	1	7		7			7	1	5	-	5
J. Harris (April 2000 - November 2001)		-		-			-	1	5	-	5
Z. Heinrichs (April 2000 - November 2001)		-		-			-	1	5	-	5
J. Hunter	1	6		6			6	1	7	-	7
R. Isaacson	1	13		13			13	1	9	-	9
L. Johnson	1	8		8			8	1	8	-	8
C. Mandl (commencing November 2001)	1	7		7			7	1	5	-	5
B. Saunoyne (April 2000 - November 2001)		-		-			-	1	5	-	5
M. Schreiber	1	7		7			7	1	5	-	5
Subtotal - Board Members	12	119		119			119	12	105	-	105

Schedule 2 (continued)

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDING MARCH 31, 2003

(thousands of dollars)

	2003							2002			
					Severance						
	Number of FTEs	Salaries and Honoraria	Benefits and Allowances[1]	Sub-total	Number of Individuals	Amount	Total	Number of FTEs	Salaries, Benefits & Allowances	Severance	Total
Staff											
Chief Executive Officer[2]	1.0	167	21	188		-	188	1.0	187		187
Management persons reporting to the CEO											
Vice President - Health Services	1.1	126	15	141			141	1.0	128	-	128
Vice President - Medical Services	0.7	150	12	162			162	0.7	146		146
Director - Communications	0.6	46	8	54			54				
Chief Corporate Services Officer	1.0	106	15	121			121	1.0	116		116
Chief Human Resources Officer	1.0	106	15	121			121	1.1	121	-	121
Chief Financial Officer	0.9	105	15	120			120	1.0	121		121
Other management persons reporting to those above (avg. 2003 9.9[3] avg. 2002 9.9[3] excluding severance)	16.5	1,423	209	1,632		-	1,632	17.6	1,601		1,601
Other management (avg. 2003 58.6[3] avg. 2002 58.2[3] excluding severance)	49.9	3,754	562	4,316			4,316	51.1	4,174		4,174
Regulated nurses (not included above) (avg. 2003 367 avg. 2002 362 excluding severance)	303.6	22,642	3,759	26,401			26,401	306.6	24,642		24,642
Other health technical and professionals (avg. 2003 137 avg. 2002 133 excluding severance)	108.8	8,322	1,363	9,685	1	10	9,695	104.4	8,910		8,910
Unionized health service providers (avg. 2003 334 avg. 2002 331 excluding severance)	247.4	7,646	1,297	8,943	1	7	8,946	250.8	7,882		7,882
Other staff (avg. 2003 436 avg. 2002 437 excluding severance)	365.6	12,021	2,358	14,379			14,379	375.5	13,877	22	13,899
Subtotal - Staff	1,230.7	55,994	9,669	65,663		17	65,679	1,270.7	61,905	22	61,905
Total		$ 56,113	$ 9,669	$ 65,782		$ 17	$ 65,799		$ 62,014	$ 22	$ 62,036

Schedule 2 (continued)

EAST CENTRAL REGIONAL HEALTH AUTHORITY 7

SCHEDULE OF SALARIES, HONORARIA BENEFITS, ALLOWANCES AND SEVERANCE

FOR THE YEAR ENDED MARCH 31, 2003

(1) Full time equivalent (FTE) has been determined as follows:

(a) For those employees governed by the AUPE Community Health Services collective agreement a FTE is defined as 1,827 hours per annum.
(b) For those employees governed by the UNA collective agreement, a FTE is defined as 1,921 hours per annum.
(c) For all other employees a FTE is defined as 2,023 hours per annum.

Total actual discrete number of individuals employed: 1,880 (2002 - 1,921)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation and tuition.

(4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

(5) Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt, future payments in the amount of $nil on existing contracts between the Authority and the employees for services that no longer will be provided by the employees; continued payment for Authority share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling, office space and administrative support.

(6) The total amount is reported in Schedule 1.

West View
#8

WESTVIEW REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2003

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of Capital Health and the Minister of Health and Wellness

I have audited the statement of financial position of the WestView Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 2, 2003

WESTVIEW REGIONAL HEALTH AUTHORITY

STATEMENT OF MANAGEMENT RESPONSIBILITY

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by Capital Health on behalf of the former Authority (Note 23). The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority had established a code of ethics and corporate directives, which require communication of the code to employees.

Capital Health carries out their responsibility for the financial statements through the Chairman of the Board and a contract with the Special Executive Director. These persons meet with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to Capital Health for approval. The Auditor General has full and free access to these persons.

The Auditor General of Alberta provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Ron Saunders
Special Executive Director
WestView Regional Health Authority

Mike Prymych
Chief Financial Officer
WestView Regional Health Authority

June 25, 2003

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash	$ 1,285	$ 5,862
Accounts receivable	1,114	1,057
Contributions receivable (Note 3)	226	2,010
Inventories	481	571
Prepaid expenses	196	881
	3,302	10,381
Non-current cash (Note 4)	330	5,314
Capital assets (Note 5)	46,264	48,707
Other assets (Note 6)	7,459	2,781
TOTAL ASSETS	$ 57,355	$ 67,183
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 5,391	$ 6,844
Accrued vacation pay	1,977	2,265
Deferred contributions (Note 8)	1,791	2,108
	9,159	11,217
Deferred contributions - long-term care partnerships (Note 8)	7,437	7,276
Deferred capital contributions (Note 9)	120	727
Unamortized external capital contributions (Note 10)	42,542	44,219
	59,258	63,439
Net assets (liabilities)		
Unrestricted	(5,625)	(744)
Investment in capital assets	3,722	4,488
	(1,903)	3,744
TOTAL LIABILITIES AND NET ASSETS	$ 57,355	$ 67,183

The accompanying notes and schedules are part of these financial statements.

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 57,669	$ 57,762	$ 54,980
Other government contributions (Note 14)	1,578	1,441	2,321
Fees and charges (Note 15)	5,386	5,812	5,129
Ancillary operations, net (Note 16)	39	93	58
Donations	90	168	107
Investment and other income (Note 17)	450	605	576
Amortization of external capital contributions, health operations (Note 10)	2,200	2,300	2,877
TOTAL REVENUE	67,412	68,181	66,048
Expenses (Schedule 1)			
Facility-based inpatient acute care services	9,442	9,673	9,021
Facility-based emergency and outpatient services	5,125	5,226	4,869
Facility-based continuing care services	7,587	8,382	6,940
Community and home-based services	6,934	6,734	6,725
Diagnostic and therapeutic services	11,737	12,293	11,407
Promotion, prevention and protection services	5,519	5,433	5,037
Administration and transition costs (Note 18)	4,752	6,149	4,587
Information technology	1,039	793	1,139
Support services (Note 19)	18,060	17,453	17,474
Amortization of facilities and improvements	1,388	1,428	1,399
Write-down of facilities and improvements (Note 20)	-	264	688
TOTAL EXPENSES	71,583	73,828	69,286
Deficiency of revenue over expense	$ (4,171)	$ (5,647)	$ (3,238)

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2003
(thousands of dollars)

	2003			2002
	Unrestricted	Invested in Capital Assets	Total	Total
Deficiency of revenue over expense	$ (5,647)	$ -	$ (5,647)	$ (3,238)
Capital assets purchased with internal funds	(55)	55	-	-
Amortization on internally funded capital assets	612	(612)	-	-
Disposal of internally purchased assets	14	(14)	-	-
Writedown of facilities and improvements internally funded	195	(195)	-	-
Net change	(4,881)	(766)	(5,647)	(3,238)
Balance at beginning of year	(744)	4,488	3,744	6,982
Balance at end of year	$ (5,625)	$ 3,722	$ (1,903)	$ 3,744

WESTVIEW REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
March 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	$ (4,171)	$ (5,647)	$ (3,238)
Non-cash transactions:			
Amortization of capital equipment - internally funded	720	612	743
Amortization of capital equipment - externally funded	812	798	700
Amortization of facilities and improvements - health operations	1,388	1,428	1,399
Amortization of facilities and improvements - ancillary operations	20	15	20
Amortization of external capital contributions - health operations	(2,200)	(2,300)	(2,877)
Amortization of external capital contributions - ancillary operations	(20)	(15)	(20)
Amortization of advances under long-term care partnership agreements (Note 6)	-	73	-
Amortization of long-term care partnership contributions (Note 14)	-	(73)	-
Loss (gain) on disposal of capital equipment - internally funded	-	14	(28)
Write down of capital equipment - externally funded	-	5	-
Write down of facilities and improvements - internally funded	-	195	688
Write down of facilities and improvements - externally funded	-	69	-
Changes in non-cash working capital account	(518)	304	2,206
Cash used by operations	(4,269)	(4,522)	(317)
Investing activities:			
Purchase of capital assets:			
internally funded	-	(55)	(171)
externally funded - equipment (Note 10)	(728)	(577)	(930)
externally funded - facility and improvements (Note 10)	(500)	(611)	(1,693)
Advances under long-term care partnership agreements (Note 6)	(4,587)	(4,751)	(2,781)
Proceeds on disposal of capital assets	-	-	28
Allocations from (to) non-current cash	5,315	4,984	(3,715)
Cash used by investing activities	(500)	(460)	(9,262)
Financing activities:			
Capital contributions received, net (Note 9)	500	1	1,960
Capital contributions reallocated from (to) operating activities (Note 9)	-	30	(209)
Long term care partnership contributions received (Note 8)	-	374	7,368
Cash generated from financing activities	500	405	9,119
Decrease in cash	(4,269)	(4,577)	(460)
Cash, beginning of year	5,862	5,862	6,322
Cash, end of year	$ 1,593	$ 1,285	$ 5,862

WESTVIEW REGIONAL HEALTH AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 Authority, Purpose and Operations

The Health Authority (the "Authority") was established June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

As at March 31, 2003, the Authority's operations included the following facilities and sites:

- Devon General Hospital
- Westview Health Center – Stony Plain
- Edson and District Healthcare Center
- Hinton General Hospital
- Seton General Hospital
- Jasper Health Unit
- Hinton Health Unit
- Evansburg Health Unit
- Spruce Grove Health Unit
- Edson Health Unit

Effective April 1, 2003, the assets, liabilities and net liabilities of the Authority are assumed by Capital Health and Aspen Health Authority (Note 23).

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except to the extent disclosed in Note 21.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

Basis of Presentation

(a) These financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when the related expenses are incurred.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenues related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(ii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(e) Inventories

Inventories are valued at the lower of cost (moving average) or net realizable value.

(f) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed. Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings and improvements	40-45 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	3-20 years

Construction projects in progress are not amortized until the project is complete.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(g) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST-free list of the Alberta Government.

Note 3 Contributions Receivable

	2003	2002
	(thousands of dollars)	
Due from Alberta Health and Wellness		
Import export funding	$ -	$ 500
Archival blood record review	-	40
Federal funded equipment		1,230
Reimbursement for software licences	-	4
ICD-10 Implementation	-	14
Wellnet reimbursement	-	39
Specialist on-call	227	183
Deferred capital return	(37)	-
ACCS funding adjustment	36	-
	$ 226	$ 2,010

Note 4 Non-Current Cash

	2003	2002
	(thousands of dollars)	
Non-current cash	$ 330	$5,314

Non-current cash represent the following:

	2003	2002
Externally restricted for capital acquisitions	$ 120	$ 727
Externally restricted for long-term care partnerships	210	4,587
	$ 330	$5,314

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 1,479	$ -	$ 1,479	$ 1,503
Land improvements	764	673	90	112
Buildings and improvements	55,138	15,675	39,463	41,035
Building service equipment	501	244	257	283
Vehicles and equipment	19,229	14,320	4,909	5,733
Construction in progress	66	-	66	41
	$77,177	$30,913	$46,264	$48,707

Capital assets have been funded from the following sources:

	2003	2002
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$42,542	$44,219
Internally funded (invested in capital assets)	3,722	4,488
	$46,264	$48,707

Note 6 Other Assets

	2003	2002
	(thousands of dollars)	
Advances under long-term care partnership agreements	$7,532	$2,781
Advances amortized during the year	(73)	-
	$7,459	$2,781

During the fiscal year 2002, the Authority entered into long-term care partnership agreements with the Good Samaritan Society to provide long-term care facilities in the communities of Hinton and Evansburg. Under the terms of these agreements, the Authority is to provide the Good Samaritan Society with an amortizable advance secured on the construction costs of these continuing care facilities. This advance is to be amortized over 40 years, which is equivalent to the term of the partnership agreement plus a renewable option period. During the year $4,751 (2002 - $2,781) was advanced to the Good Samaritan Society for the long-term care partnerships. Advances amortized represent the use of the two facilities from the beginning of operations to the end of the fiscal period.

Note 7 Operating Line of Credit

The Authority has an operating line of credit to a maximum of $3 million. A general security agreement covering accounts receivable and specific equipment has been pledged as security for the operating line of credit. Interest is charged at bank prime. At year end the operating line of credit has not been drawn upon (2002 - $nil).

Note 8 Deferred Contributions

	2003	2002
	(thousands of dollars)	
Amounts received from		
Alberta Health and Wellness	$ 1,228	$ 1,360
Other government - Long-term care partnerships	374	7,368
- Other Alberta Infrastructure	92	1,538
- Other	1,172	615
Donors	119	199
Investments and other	-	4
	2,985	11,084
Amounts recognized as revenue		
Alberta Health and Wellness (Note 13)	(1,496)	(1,272)
Other government (Note 14)	(1,441)	(2,321)
Donors	(168)	(107)
Interest on restricted investment and other	(6)	-
	(3,111)	(3,700)
Amounts transferred (to) from deferred capital contributions		
Alberta Health and Wellness (Note 9)	-	222
Donations	(30)	(13)
	(30)	209
Change during the year	(156)	$ 7,593
Balance, beginning of year	9,384	1,791
Balance, end of year	$9,228	$9,384

Note 8 Deferred Contributions (continued)

Deferred balances at end of the year are restricted for the following purposes:

	2003	2002
Current		
Alberta Health and Wellness		
Specialists on-call	-	183
Early Childhood Development program	150	170
Other	24	89
Other Government programs		
Healthy Aging Partnership Initiative	-	85
Long-term care partnership funding	232	92
Other Alberta Infrastructure	975	1,106
Other	136	24
Donations	260	339
Patient fees and charges received in advance	14	20
	1,791	2,108
Long-term		
Other Government-long-term care partnerships	7,437	7,276
	$9,228	$ 9,384

Note 9 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (ii).

	2003	2002
	(thousands of dollars)	
Amounts received (returned)		
Restricted Alberta Health and Wellness contributions	$ (4)	$ 638
Other regional health authorities	-	130
Restricted other government contributions	5	1,192
	1	1,960
Transferred (to) from:		
Unamortized external capital contributions (Note 10)	(638)	(2,623)
Deferred contributions (Note 8)		
Alberta Health and Wellness	-	(222)
Donations	30	13
	(608)	(2,832)
Change during the year	(607)	(872)
Balance, beginning of year	727	1,599
Balance, end of year	$ 120	$ 727

Balance at the end of the year is restricted for the following purposes:

High priority medical equipment	$ -	$ 35
Federal equipment funding	-	535
Telehealth equipment funding	48	29
Capital upgrading projects - Alberta Infrastructure	37	30
WestView Health Center, Stony Plain - construction	35	98
	$ 120	$ 727

Note 10 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (ii). The balance at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance, beginning of year	$44,219	$44,493
Transfers from deferred capital contributions (Note 9)	638	2,623
Less amounts recognized as revenue:		
Amortization of external capital contributions, health operations	(2,300)	(2,877)
Amortization of external capital contributions, ancillary operations	(15)	(20)
Balance, end of year	$42,542	$44,219

Note 11 Commitments and Contingencies

(thousands of dollars)

Commitments: The Authority is committed to the following future annual payments:

	Long-term care Partnerships	Operating Leases	Contracted Services
2004	$ 210	$ 19	$6,696
2005	-	6	6,896
2006	-	-	7,103
2007	-	-	7,316
2008	-	-	7,536

In addition to the above, the Authority has an agreement for the purchase of electricity at a rate of 9.515 cents per kilowatt-hour. The agreement expires December 31, 2004.

Contingencies: The collective agreement with the Health Sciences Association of Alberta expired March 31, 2002. The Authority has recorded an accrual for salaries for the estimated contract settlement related to retroactive salary increases.

Effective April 1, 2003, these commitments and contingencies are assumed by Aspen Regional Health Authority and Capital Health.

Note 12 Budget

The budget was approved by the Official Administrators and submitted to the Minister of Health and Wellness on December 18th, 2002. The Minister of Health and Wellness approved the budget on February 4th, 2003.

Note 13 Alberta Health and Wellness Contributions

	2003	2002
	(thousands of dollars)	
Unrestricted contributions	$56,266	$49,164
Import export funding	-	500
One time financial assistance	-	4,044
Transfers from deferred contributions (Note 8)	1,496	1,272
	$57,762	$54,980

Note 14 Other Government Contributions

	2003	2002
	(thousands of dollars)	
Restricted transfers from deferred contributions (Note 8)		
Long-term care partnerships	$ 73	$ -
Other Alberta Infrastructure	597	1,239
Alberta Mental Health Board	309	298
Alberta Cancer Board	84	41
Seniors	85	464
Other Provincial funding	293	279
	$ 1,441	$ 2,321

Note 15 Fees and Charges

	2003	2002
	(thousands of dollars)	
Acute care		
Non-entitled revenue – inpatients	$ 885	$ 630
Non-entitled revenue – outpatients	561	651
Federal government	47	29
Workers Compensation Board	852	734
Other	-	63
	2,345	2,107
Continuing care		
Accommodation charges	608	578
Preferred accommodation	890	776
Fair market value adjustments	1,897	1,500
	3,395	2,854
Other fees		
Home care fees	3	2
Other provincial government	1	83
Public health fees	68	83
	72	168
	$ 5,812	$ 5,129

Note 16 Ancillary Operations
(thousands of dollars)

	2003				2002
	Non-Patient Food Services Operations	Rental Operations	Other Operations	Total	Total
Revenue					
Revenue	$ 348	$ 171	$ 56	$ 575	$ 598
Amortization of deferred capital contributions	-	15	-	15	20
	348	186	56	590	618
Expenses					
Amortization	-	15	-	15	20
Other expenses	337	97	48	482	540
	337	112	48	497	560
Excess of revenue over direct expenses	$ 11	$ 74	$ 8	$ 93	$ 58

Note 17 Investment and Other Income

	2003	2002
	(thousands of dollars)	
Investment income	$ 176	$ 208
Other income	429	368
	$ 605	$ 576

Investment income is comprised of interest. Other income is comprised of cost recoveries.

Note 18 Administration and Transition Costs

	2003	2002
	(thousands of dollars)	
Administration		
General	$1,660	$ 2,382
Finance	925	857
Human resources	730	878
Contract operators (Note 21 (d))	470	470
Transition costs	2,364	-
	$6,149	$4,587

Note 19 Support Services

	2003	2002
	(thousands of dollars)	
Building maintenance, operations and security	$4,605	$4,842
Communications	644	646
Education	369	452
Housekeeping	1,610	1,552
Laundry and linen	600	603
Materials management	1,172	1,200
Patient food services	2,187	2,212
Patient health records	1,296	1,168
Patient registration	973	779
Patient transportation	1,502	1,524
Volunteer services	210	211
Support services - contract operators (Note 21 (d))	2,285	2,285
	$17,453	$17,474

Note 20 Write-down of Facilities and Improvements

(thousands of dollars)

During the fiscal year 2002, the Authority ceased using the Stony Plain Municipal Hospital. As a result, a write-down of $688 was recorded, to reduce the carrying value of the facility to its net recoverable value. During the fiscal year 2003, the Authority transferred this facility at a nominal amount and recorded a writedown of $24. During the year the Authority also recorded a write-down of various other buildings, construction in progress projects and leasehold improvements to reduce these assets to their net recoverable values as follows:

	2003	2002
Stony Plain Municipal Hospital site	$ 24	$ 688
Evansburg health unit leasehold improvements	34	-
Jasper medical clinic	127	-
Jasper staff house	43	-
Construction in progress	36	-
	$ 264	$ 688

Note 21 Related Parties

(thousands of dollars)

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appointed the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 3, 8, 9, 12, 13, 14, and 23 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations and disclosed in notes 8, 9, 14, and 24 to the financial statements. Included within accounts payable is $893 (2002 - $nil) payable to Capital Health and $48 (2002 - $nil) payable to Aspen Regional Health Authority. These are for transition related costs paid by the respective health authorities.

Note 21 Related Parties (continued)

c) Foundations

The Authority has an economic interest in the following foundations with one representative on each of their Board of Directors. The foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the foundations is as follows:

	Contributions received by Health Authority		Resources held by Foundation	
	Year ended March 31		Unaudited at March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
	(thousands of dollars)			
Devon General Hospital Foundation	$ -	$ -	$ (48)	$ 246
Stony Plain Hospital Foundation	51	47	33	197
Hinton Health Care Foundation	-	20	88	43
Jasper Health Care Foundation	1	13	178	(2)
	$ 52	$ 80	$ 251	$ 484

Funds donated to the foundations are used to maintain and enhance hospital care and further health care education for the people of the community serviced by the foundation. The externally restricted funds consist of endowments and other donations, which can only be expended on purposes stipulated by the donors.

The value of administrative support provided to foundations, and accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	Year ended March 31,		At March 31,	
	2003	2002	2003	2002
	(thousands of dollars)			
Devon General Hospital Foundation	$ 1	$ 1	$ -	$ -
Stony Plain Hospital Foundation	1	1	-	-
Hinton Health Care Foundation	1	1	-	-
Jasper Health Care Foundation	1	1	-	-
	$ 4	$ 4	$ -	$ -

Note 21 Related Parties (continued)

(d) Voluntary and Private Health Service Operators

The Authority contracts with voluntary and private health service operators to provide health services in the Region and has an economic interest in these operators. The health service operators and the amount of the contracted health services for the year are as follows:

	2003				2002
	Direct Authority Funding	Approved Patient Fees and Charges	P3 Advances for Capital Forgiven	Total	Total
	(thousands of dollars)				
Good Samaritan Society					
Stony Plain Care Center	$ 2,763	$ 944	$ -	$ 3,707	$ 3,484
George Henning Place	826	364	-	1,190	1,139
Spruce Grove Place	826	374	-	1,200	1,126
Penibina Village, Evansburg	419	74	32	525	427
Mountain View Center - Hinton	501	141	41	683	37
Dynacare Kasper Medical Laboratories	2,815		-	2,815	2,306
Physical therapy services	672	-	-	672	722
Mason Bernier - diagnostic imaging	232	-	-	232	330
Group homes	218	-	-	218	218
Home parenteral nutrition services	57	-	-	57	106
Audiology services	68	-	-	68	33
	$ 9,397	$ 1,897	$ 73	$ 11,367	$ 9,928

Reported in the following expense categories:

	2003	2002
	(thousands of dollars)	
Facility based continuing care services	$4,255	$3,163
Community and home based service	275	324
Diagnostic and therapeutic services	4,082	3,686
Administration	470	470
Support services	2,285	2,285
	$11,367	$9,928

Note 22 Pension Costs

(thousands of dollars)

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $1,434 for the year ended March 31, 2003 (2002 - $1,208).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficiency of $444,980 (2001 - surplus of $634,960).

Note 23 Restructuring of Health Operations

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Orders 16, 17 and 22 of 2003 each dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the WestView Regional Health Authority are assumed in part by the Capital Health Authority, which becomes Region 6, and by the Aspen Regional Health Authority, which becomes Region 7.

Specified assets and liabilities are to be distributed at carrying value to Regions 6 and 7 on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred to these two regions. The remaining insufficiency in net assets of WestView Regional Health Authority is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the insufficiency of the net assets of WestView Regional Health Authority at March 31, 2003 has yet to be determined.

Severance and other costs associated with the cessation of the Authority on April 1, 2003 and the transfer of programs, personnel, assets and liabilities to the newly-formed Regions 6 and 7 are disclosed as transition costs (Note 18 and Schedule 2).

Note 24 Operating Deficit
(thousands of dollars)

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $5,647 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (Note 23).

Note 25 Approval of Financial Statements

These financial statements have been approved by Capital Health.

Schedule 1

WESTVIEW REGIONAL HEALTH AUTHORITY
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Budget	2003	2002
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 42,323	$ 43,467	$ 39,263
Contracts with health service operators (Note 20 (d))	10,728	11,367	9,928
Drugs, gases, medical and surgical supplies	2,355	2,494	2,483
Other contracted services	2,424	2,894	2,243
Other *	11,364	10,967	12,289
Amortization:			
Capital equipment - internally funded	720	612	743
Capital equipment - externally funded	812	798	790
Facilities and improvements - health operations	1,388	1,428	1,399
Facilities and improvements - ancillary operations	20	15	20
Loss on disposal of capital equipment	-	19	-
Write-down of facilities and improvements	-	264	608
	72,134	74,325	69,846
Less amounts reported in ancillary operations (Note 15)	551	497	560
	$ 71,583	$ 73,828	$ 69,286

*For the fiscal year 2003, "Other" comprises the following:

Non-surgical supplies and travel expenses	$ 4,576
Sundry expenses	3,382
Equipment expenses	1,415
Referred out services	698
Building and grounds maintenance expenses	896
	$ 10,967

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003

1. Full time equivalent (FTE) is determined as follows:
   - Management FTE calculation is based on 2,022.75 annual hours.
   - Regulated nurses FTE calculation is based on 1,920.25 or 1,827 annual hours dependent on the employment contract the employee is part of.
   - Other health technical and professional FTE calculation is based on 2,022.75 or 1,827 annual hours dependent on the employment contract the employee is part of.
   - Unregulated health service providers FTE calculation is based on 2,022.75 annual hours.
   - Other staff FTE calculation is based on 2,022.75, 1,920.75 or 1,827 annual hours dependent on the employment contract the employee is part of.

   Total actual discrete number of individuals employed 1,307 (2002 - 1,266)

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, housing subsidies, car benefits and allowances and tuition.

4. Severance includes All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits.

5. The total amount of $43,467 (2002 - $39,263) is reported in Schedule 1.

WESTVIEW REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003							2002			
	Number of FTEs	Salaries & Honoraria	Benefits & Allowances	Sub-total	Severance: Number of Individuals	Severance: Amount	Total	Number of Individuals	Salaries, Benefits & Honoraria	Severance	Total
Authority Board Compensation											
RHA Chairman - George Sewell	1.00	$ [illegible]	[illegible]	$ [illegible]			$ [illegible]	1.00	$ [illegible]	$ [illegible]	$ [illegible]
RHA Chairman - Peter Wolodyn								1.00	[illegible]		[illegible]
Members											
Tonia Bills								1.00	[illegible]		[illegible]
Betty Brown								1.00	[illegible]		[illegible]
Sandra Coombe	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
John Cooptrove	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Bruce Deal								1.00	[illegible]		[illegible]
William Donahue	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Bill Fortier	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Bonnie Gregorowich	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Hazel Hart	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Betty Hawkins								1.00	[illegible]		[illegible]
Werner Jappsen								1.00	[illegible]		[illegible]
Gail Lemke	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Shirley Mahon	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Marian Marcau	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Lockeley McGann								1.00	[illegible]		[illegible]
Ann Mytholin	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Ron Pollock	1.00	[illegible]		[illegible]			[illegible]	1.00	[illegible]		[illegible]
Marie Rushton								1.00	[illegible]		[illegible]
Patrick Wilson								1.00	[illegible]		[illegible]
Total honoraria	[illegible]	[illegible]		[illegible]			[illegible]	[illegible]	[illegible]		[illegible]
Staff											
Chief Executive Officer	0.28	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.00	[illegible]		[illegible]
Management reporting to the CEO											
Director, Corporate Services	0.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.00	[illegible]		[illegible]
Director, Operations	1.00	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.00	[illegible]		[illegible]
Director, Program Planning	0.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.00	[illegible]		[illegible]
Medical Director	0.56	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	0.50	[illegible]		[illegible]
Medical Officer of Health	1.00	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	1.00	[illegible]		[illegible]
Dental Officer of Health								0.03	[illegible]		[illegible]
Other management reporting directly to those above (avg. 2003 $109; avg. 2002 $101) (excluding severance)	11.72	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	16.34	[illegible]		[illegible]
Regulated nurses not included above (avg. 2003 $68; avg. 2002 $63) (excluding severance)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other health technical and professionals (avg. 2003 $68; avg. 2002 $63) (excluding severance)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]
Unregulated health service providers (avg. 2003 $34; avg. 2002 $32) (excluding severance)	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]		[illegible]
Other staff (avg. 2003 $43; avg. 2002 $41) (excluding severance)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total salaries, benefits and severance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	$ [illegible]	$ [illegible]	$ [illegible]	[illegible]	$ [illegible]	$ [illegible]	[illegible]	$ [illegible]	$ [illegible]	$ [illegible]

Crossroads
#9

Crossroads Regional Health Authority #9
Financial Statements
March 31, 2003

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Schedule of Salaries, Honoraria, Benefits, Allowances and Severance	Schedule 2

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member Firm of
Grant Thornton International

Grant Thornton

Auditors' Report

To the Members of the David Thompson Health Region
and the Minister of Health

We have audited the statement of financial position of the Crossroads Regional Health Authority #9 ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Further, we have made an examination to determine if the Authority has complied with Financial Directive 20 issued by Alberta Health. Our examination was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances. In our opinion, the Authority has, in all significant respects, complied with Financial Directive 20.

Wetaskiwin, Canada
June 6, 2003

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Red Deer, Alberta T4N 6H2
Phone: 403-343-4460 Fax: 403-348-0950

Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management and have been approved by the Region's Board. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Region has established a code of ethics and corporate directives, which require communication of the code to employees.

The Region members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Grant Thornton LLP to discuss and review financial matters, and recommends the financial statements to the David Thompson Health Region Board for approval. The external auditor has full and free access to the Board.

The external auditor Grant Thornton LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

John Vogelzang
Chief Executive Officer

Chief Operating Officer

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Crossroads Regional Health Authority #9
Statement of Financial Position

(in thousands of dollars)

March 31,	Budget (Note 13)	2003 Actual	2002 Actual
Assets			
Current			
Cash and temporary investments (Note 3)	$ 8,484	$ 10,480	$ 11,788
Accounts receivable	500	559	811
Contributions receivable	-	50	253
Inventories	750	1,137	869
Prepaid expenses	250	507	249
	9,984	12,733	13,970
Non-current cash (Note 4)	-	15	673
Capital assets (Note 5)	33,696	34,191	36,187
Other assets (Note 6)	380	380	374
Total assets	$ 44,060	$ 47,319	$ 51,204
Liabilities and Net Assets			
Current			
Accounts payable and accrued liabilities	$ 6,000	$ 6,189	$ 6,029
Accrued vacation pay	2,000	2,361	2,192
Deferred contributions (Note 7)	620	3,264	3,442
	8,620	11,814	11,663
Deferred contributions (Note 7)	-	15	-
Deferred capital contributions (Note 8)	-	-	673
Unamortized external capital contributions (Note 9)	31,163	31,268	33,193
	39,783	43,097	45,529
Net assets			
Unrestricted	1,414	359	2,351
Internally restricted (Note 10)	330	940	330
Invested in capital assets	2,533	2,923	2,994
Operating net assets	4,277	4,222	5,675
Total liabilities and net assets	$ 44,060	$ 47,319	$ 51,204

Contingency and Commitments (Note 11 and 12)

On behalf of the Region

Chairman Board Member

The accompanying notes and schedules are part of these financial statements.

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Crossroads Regional Health Authority #9
Statement of Operations

(in thousands of dollars)

For the year ended March 31,	Budget (Note 13)	2003 Actual	2002 Actual
Revenue			
Alberta Health and Wellness contributions (Note 14)	$ 44,843	$ 45,042	$ 43,767
Other government contributions (Note 15)	1,000	2,754	670
Fees and charges (Note 16)	3,001	2,797	2,605
Ancillary operations, net (Note 17)	-	19	(13)
Donations	50	144	63
Investment and other income (Note 18)	1,096	1,820	1,259
Amortization of external capital contributions (Note 9)	2,419	2,557	2,621
	52,409	55,133	50,972
Expenses (Schedule 1)			
Facility based inpatient acute services	10,302	10,484	9,966
Facility based emergency and outpatient services	4,058	3,943	3,721
Facility based continuing care services	6,260	8,304	5,601
Community and home based services	2,500	2,331	2,333
Diagnostic and therapeutic services	9,391	9,607	8,789
Promotion, prevention and protection services	2,924	3,198	2,589
Administration (Note 19)	3,115	3,296	3,044
Information technology	1,599	1,454	1,666
Support services (Note 20)	11,772	12,026	10,731
Amortization of facilities and improvements	1,948	1,943	1,930
	53,869	56,586	50,370
(Deficiency) excess of revenue over expenses	$ (1,460)	$ (1,453)	$ 602

The accompanying notes and schedules are part of these financial statements.

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Crossroads Regional Health Authority #9
Statement of Changes in Net Assets

(in thousands of dollars)

For the year ended March 31,	2003				2002
	Unrestricted	Internally Restricted (Note 10)	Invested in Capital Assets	**Total**	Total
(Deficiency) excess of revenue over expenses	$ (1,453)	$ -	$ -	**$ (1,453)**	$ 602
Capital assets purchased with internal funds	(382)	-	382	-	-
Amortization on internally funded capital assets	447	-	(447)	-	-
Loss on disposal of internally funded capital assets	6	-	(6)	-	-
Net change to net assets	(1,382)	-	(71)	**(1,453)**	602
Transfer to internally restricted (Note 10)	(610)	610	-	-	-
Balance at beginning of year	2,351	330	2,994	**5,675**	5,073
Balance at end of year	$ 359	$ 940	$ 2,923	**$ 4,222**	$ 5,675

The accompanying notes and schedules are part of these financial statements.

Crossroads Regional Health Authority #9
Statement of Cash Flows

(in thousands of dollars)

Year ended March 31,	2003		2002
	Budget (Note 13)	**Actual**	Actual
Cash generated from (used by):			
Operating activities			
(Deficiency) excess of revenues over expenses	$ (1,460)	**$ (1,453)**	$ 602
Non-cash transactions:			
Amortization of capital equipment - internally funded	374	**447**	439
- externally funded	471	**614**	624
Amortization of facilities and improvements	1,948	**1,943**	1,930
Amortization of external capital contributions	(2,419)	**(2,557)**	(2,621)
Loss on disposals of facility and improvements	-	**-**	67
Loss on disposals of capital equipment	-	**6**	11
	(1,086)	**(1,000)**	1,052
Changes in non-cash working capital accounts (Note 21)	(1,660)	**(584)**	1,715
Cash (used by) generated from operating activities	(2,746)	**(1,584)**	2,767
Investing activities			
Purchase of capital assets:			
internally funded	-	**(382)**	(143)
externally funded - equipment (Note 9)	(484)	**(632)**	(1,040)
Allocation from (to) non-current cash	(484)	**658**	(121)
Cash used by investing activities	(968)	**(356)**	(1,304)
Financing activities			
Capital contributions received	484	**632**	1,040
Cash generated by financing activities	484	**632**	1,040
(Decrease) increase in cash and temporary investments	(3,230)	**(1,308)**	2,503
Cash and temporary investments, beginning of year	11,714	**11,788**	9,285
Cash and temporary investments, end of year	$ 8,484	**$ 10,480**	$ 11,788

The accompanying notes and schedules are part of these financial statements.

Note 1 Authority, Purpose and Operations

The Crossroads Regional Health Authority ("the Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. The responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

- Crossroads Health Centre - Breton
- Crossroads Hospital & Health Centre - Drayton Valley
- Crossroads Hospital & Health Centre - Wetaskiwin
- Crossroads Health Unit - Drayton Valley
- Crossroads Health Unit - Wetaskiwin
- Crossroads Health Unit - Winfield

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health care services in the region.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2003

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year when the related expenses are incurred.

(iv) Unrestricted investment income is recognized in the year earned.

(v) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(vii) Revenue from the sale of goods and services is recorded in the period that the goods are delivered or the services are provided.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services is recorded. Fair value transactions consists of the following:

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(i) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent, is recorded as other government contributions and as program expense.

(ii) Other assets, supplies and service that would otherwise have been purchased, are recorded as revenue and expenses at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonable determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Temporary investments are recorded at the lower of cost and market value.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivables, accounts payable and accrued liabilities, and accrued vacation pay approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Drugs and supplies inventory are valued at the lower of cost or net realizable value. Cost is determined on an average cost basis. Assisted living condos are valued at the lower of cost or estimated net realizable value. Cost is determined on an individual unit basis.

(g) Capital Assets

Capital assets are recorded at cost. Capital assets with unit cost less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	20-40 years
Land improvements	10-20 years
Equipment	3-20 years

(h) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(i) Foreign Currencies

Revenue and expenses are translated at the actual rate of exchange at the time of the transaction.

(j) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If the actual costs are unknown at the time of the decision an estimate is recorded.

(k) Patient Trust Accounts

The authority holds trust funds on behalf of its long term care residents. These amounts are not reflected in these financial statements.

Note 3 Cash and Temporary Investments

	2003	2002
Cash and bank	$ 10,495	$ 6,016
Temporary investments	-	6,445
	10,495	12,461
Less non-current cash (Note 4)	(15)	(673)
	$ 10,480	$ 11,788

Included in cash and bank are externally restricted funds of $5,179 (2002 - $5,928) consisting of: Alberta Infrastructure for upgrades to the Crossroads Hospital & Health Centres - Drayton Valley and Breton, the construction of a new hemodialysis building at the Wetaskiwin site, Telehealth funding, Alberta Seniors - Healthy Aging Partnership Initiative Program for the Pembina Housing Society, Young Family Wellness and Consolidated Cash Investment Trust fund construction of the Crossroads Hospital and Health Centre - Wetaskiwin.

The Authority has an operating line of credit of $2.5 million with interest charged at Prime less 0.5%. Currently the Authority has not accessed any of these funds.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2003

Note 4 Non-current Cash

Non-current cash represents funds restricted for the Telehealth initiative.

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,082	$ -	$ 1,082	$ 1,082
Land Improvements	260	198	62	73
Non-depreciable assets	503	-	503	503
Buildings	58,821	29,674	29,147	31,079
Equipment	11,149	7,752	3,397	3,450
	$ 71,815	$ 37,624	$ 34,191	$ 36,187

Capital assets have been funded from the following sources:	2003	2002
Externally funded	$ 31,268	$ 33,193
Internally funded	2,923	2,994
	$ 34,191	$ 36,187

Note 6 Other Assets

Other assets are comprised of deferred development costs which include the cost of land and land improvements for the construction of units that are being built as part of the Authority's Assisted Living Program in Wetaskiwin and Drayton Valley. To date, 41 units have been built.

Note 7 Deferred Contributions

	2003	2002
Amounts received from:		
Alberta Health and Wellness	$ 23	$ 285
Other government	2,420	2,867
Transfer from deferred capital contribution	46	-
Investment and other revenues	416	128
	2,905	3,280
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 14)	(9)	(82)
Other government (Note 15)	(2,705)	(633)
Investment and other revenues	(354)	(72)
Change during the year	(163)	2,493
Balance, beginning of year	3,442	949
Balance, end of year	$ 3,279	$ 3,442

Unspent amounts at the end of the year are restricted for the following purposes:

Current:		
Education	$ -	$ 74
Young Family Wellness	272	258
Healthy Aging Partnership Initiative Program	175	1,750
Archival Blood Review	-	45
Software Licenses	-	4
Telehealth	16	-
Assisted Living Contingency Fund	1	20
Cancer Research Projects	20	43
Diabetes Research Grant	46	-
Healthy Start Healthy Children Grant	37	-
Other	55	14
Alberta Infrastructure	2,642	1,234
	3,264	3,442
Long Term:		
Telehealth	15	-
	$ 3,279	$ 3,442

Alberta Infrastructure funding is externally restricted to expenses directly related to approved Alberta Infrastructure projects. The Health Aging Partnership is externally restricted to support the short-term recommendations of the Long term Care Review Policy Advisory Committee and is committed to help offset the cost of the construction of Serenity House, Pembina Housing Society.

Note 8 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(a)(ii).

	2003	2002
Amount received:		
Restricted Alberta Health and Wellness contributions	$ -	$ 572
Donations restricted for capital purposes	-	53
Investment and other revenues	5	13
	5	638
Transferred to:		
Deferred contribution	(46)	-
Unamortized external capital contributions (Note 9)	(632)	(1,040)
Change during the year	(673)	(402)
Balance, beginning of year	673	1,075
Balance, end of year	$ -	$ 673

Balance at the end of the year is restricted for the following purposes:

Telehealth	$ -	$ 211
Betterment of capital assets	-	462
	$ -	$ 673

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2(a)(ii). The balance at the end of the year represents the external capital contribution to be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 33,193	$ 34,774
Add: amount transferred from deferred capital contribution (Note 8)	632	1,040
Less: amount recognized as revenue	(2,557)	(2,621)
Balance, end of year	$ 31,268	$ 33,193

Note 10 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:

	2003	2002
Construction of Serenity House, Pembina Housing Society	$ 250	$ -
Replacement of Skylights, Drayton Valley Health Centre	360	-
Operating funds reserved for future financial shortcomings	330	330
	$ 940	$ 330

Note 11 Contingency

The Authority is contingently liable for the buyback of 32 Assisted Living units at the option of and at 90% of the original cost to the purchaser, average cost of $100 per unit. However, management feels that these units could be resold and costs recovered and that realistically, the possibility of having to purchase back all units simultaneously is highly improbable.

Note 12 Commitments

The Authority has the following commitments:

(i) Renovations to the Crossroads Health Centres - Wetaskiwin, Drayton Valley and Breton in the amount of $742, funding for which is supplied by Alberta Infrastructure.

(ii) The construction of a hemodialysis building in the amount of $1,900, funding for which is supplied by Alberta Infrastructure.

(iii) Pembina Housing Society for $425 towards the construction of the Drayton Valley Dementia Unit. $175 of this is supplied by Alberta Seniors Housing Services Division and the Drayton Valley Health Care Auxiliary, $250 of which is internally restricted.

Note 13 Budget

	Approved Budget(1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contribution	$ 44,843	$ -	$ 44,843
Other government contributions	1,000	-	1,000
Fees and charges	3,001	-	3,001
Ancillary operations, net	-	-	-
Donations	50	-	50
Investment and other income	300	796	1,096
Amortization of External Capital Contribution	2,419	-	2,419
	51,613	796	52,409
Expenses			
Facility based inpatient acute services	10,090	212	10,302
Facility based emergency and outpatient services	4,257	(199)	4,058
Facility based continuing care services	6,260	-	6,260
Community and home based services	2,500	-	2,500
Diagnostic and therapeutic services	9,116	275	9,391
Promotion, prevention and protection services	2,848	76	2,924
Administration	3,115	-	3,115
Information technology and we net	1,599	-	1,599
Support services	11,340	432	11,772
Amortization of facilities and improvements	1,948	-	1,948
	53,073	796	53,869
Deficiency of revenues over expenses	$ (1,460)	$ -	$ (1,460)

(1) The budget was approved by the board of the Health Authority on April 4, 2002 and subsequently approved by the Minister of Health and Wellness on June 27, 2002.

(2) Reallocation of budgeted recoveries and contingency funds.

(3) The budget figures have not been audited.

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2003

Note 14 Alberta Health and Wellness Contributions

	Budget	2003	2002
Unrestricted contributions	$ 44,843	**$ 45,033**	$ 43,685
Transferred from deferred contributions (Note 7)	-	**9**	82
	$ 44,843	**$ 45,042**	$ 43,767

Note 15 Other Government Contributions

	Budget	2003	2002
Alberta Infrastructure (Note 7)	$ 1,000	**$ 664**	$ 620
Alberta Seniors (Note 7)	-	**1,982**	13
Keystone Child and Family Services (Note 7)	-	**40**	-
Alberta Heritage Foundation for Medical Research (Note 7)	-	**4**	-
Telehealth (Note 7)		**15**	
Fair value of non-acute care facilities	-	**49**	37
	$ 1,000	**$ 2,754**	$ 670

Note 16 Fees and charges

	Budget	2003	2002
Acute Care			
Non-entitled revenue - inpatients	$ 99	**$ 101**	$ 119
Non-entitled revenue - outpatients	166	**126**	142
Other	115	**16**	17
Continuing Care			
Accommodation charges	2,121	**2,085**	1,899
Preferred accommodation	190	**183**	171
Home care fees	150	**70**	90
Federal government	28	**40**	27
Workers Compensation Board (WCB)	132	**176**	140
	$ 3,001	**$ 2,797**	$ 2,605

Crossroads Regional Health Authority #9
Notes to the Financial Statements
(in thousands of dollars)
March 31, 2003

Note 17 Ancillary Operations

	2003					2002
	Non-Patient Food Services Operations	Assisted Living	Other Operations	**Total**	Budget	Total
Revenue	$ 398	$ 638	$ 94	**$ 1,130**	$ 471	$ 1,176
	398	638	94	**1,130**	471	1,176
Expenses						
Other expenses	388	627	96	**1,111**	471	1,189
	388	627	96	**1,111**	471	1,189
Excess (deficiency) of revenue over direct expenses	$ 10	$ 11	$ (2)	**$ 19**		$ (13)

Note 18 Investment and Other Income

	Budget	2003	2002
Interest	$ 300	**$ 219**	$ 287
Alco Viking rebate	-	**-**	274
FST rebate	-	**639**	-
Other income and recoveries	796	**962**	698
	$ 1,096	**$ 1,820**	$ 1,259

Note 19 Administration

	Budget	2003	2002
Corporate administration	$ 1,643	**$ 1,680**	$ 1,362
Public relations	150	**159**	138
Finance	639	**769**	579
Human resources	683	**688**	965
	$ 3,115	**$ 3,296**	$ 3,044

Note 20 Support Services

	Budget	2003	2002
Building maintenance, operations and security	$ 2,880	**$ 3,521**	$ 2,653
Alberta Infrastructure - renovations	1,000	**664**	620
Communications	91	**108**	98
Education	682	**675**	732
Housekeeping	1,877	**1,804**	1,662
Laundry and linen	471	**467**	485
Materials management	844	**844**	803
Patient food services	2,377	**2,373**	2,275
Patient health records	698	**742**	692
Patient registration	592	**607**	567
Telehealth	175	**154**	85
Volunteer services	85	**67**	59
	$ 11,772	**$ 12,026**	$ 10,731

Note 21 Changes in Non-cash Working Capital Accounts

	Budget	2003	2002
Accounts receivable	$ 1,195	**$ 252**	$ 160
Contributions receivable	-	**203**	(204)
Inventories	18	**(268)**	(111)
Prepaid expenses	40	**(258)**	(19)
Other assets	(6)	**(6)**	(6)
Accounts payable	(220)	**160**	(358)
Accrued vacation pay	(200)	**169**	162
Deferred contributions	(2,971)	**(178)**	2,493
Deferred capital contributions	484	**(658)**	(402)
	$ (1,660)	**$ (584)**	$ 1,715

Note 22 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. The Minister of Health and Wellness appoints the members of the Authority. Transactions between the Authority and the Province are disclosed in the Statement of Operations and notes 7, 8, 14 and 15 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations.

(c) Foundations

The Authority has an economic interest in the Foundations of Wetaskiwin and Drayton Valley. In each case they are entitled to representation on their Board of Directors.

During the year the Authority entered into contracts with the Foundations to provide office space within the respective facilities, as well as accounting and information technology services as needed until March 31, 2004. No amount has been recorded in the financial statements for these provisions.

	Contributions received by the Health Authority		Resources held by the foundation 2003	
	2003	2002	Externally Restricted	Unrestricted
Drayton Valley Health Services Foundation (unaudited)	**$ 32**	$ 15	$ 130	$ 115
Wetaskiwin Health Foundation	**35**	87	116	95
	$ 67	$ 102	$ 246	$ 210

Externally restricted amounts are for equipment, programs, research, and education for the specific hospitals and continuing care facilities supported by the individual foundations.

The value of the accounts receivable from the foundation at the year end are as follows:

	Accounts Receivable 2003	2002
Wetaskiwin Health Foundation	**$ 1**	$ 2

Crossroads Regional Health Authority #9
Notes to the Financial Statements

(in thousands of dollars)
March 31, 2003

Note 23 Economic Dependence

Approximately 81.7% (85.9% in 2002) of revenues for the year ended March 31, 2003 are directly attributed to the Province of Alberta.

Note 24 Pension Costs

The Authority participates in the Local Authorities Pension Plan, a multi-employer defined benefit plan. Pension expensed in these financial statements is equal to the Authority's annual contribution payable of $1,201 for the year ended March 31, 2003 (2002 - $1,053).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficit of $444,980 (2001 - surplus $634,960).

Note 25 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

The assets, liabilities, and net assets of the Crossroads Regional Health Authority #9 will be assumed in whole by the David Thompson Health Region at carrying value.

Note 26 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual deficit. The Authority incurred an operating deficit of $1,453 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the Regulation, the Authority used previously accumulated unrestricted net assets to offset the deficit.

Note 27 Approval of Financial Statements

These financial statements have been approved by the Region.

Crossroads Regional Health Authority #9
Schedule of Expenses by Object

(in thousands of dollars)
For the year ended March 31,

	2003 Budget	2003 Actual	2002
Salaries, honoraria, benefits, allowances and severances (Schedule 2)	$ 35,746	**$ 35,925**	$ 33,444
Contracts with health service operators	997	**1,055**	1,041
Drugs, gases, medical and surgical supplies	2,058	**2,142**	2,035
Other contracting services	2,040	**2,641**	2,264
Other:			
Supplies	4,689	**4,921**	4,452
Equipment expense	2,083	**2,189**	2,190
Other	3,901	**5,814**	3,258
Amortization:			
Equipment - internally funded	407	**453**	321
Equipment - externally funded	471	**614**	624
Facilities and improvements	1,948	**1,943**	1,930
	54,340	**57,697**	51,559
Less amount reported in ancillary operations (Note 17)	(471)	**(1,111)**	(1,189)
	$ 53,869	**$ 56,586**	$ 50,370

Schedule 1

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)

For the year ended March 31,

	2003							2002			
					Severance						
	(1)	(2)	(3)		(1)						
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits and Honoraria	Severance Amount	Total
Authority Board Compensation											
RHA Chairperson Rick Wilson		$ 28		$ 28			$ 28		$ 18		$ 18
RHA Members											
Anderson, Colleen		12		12			12		7		7
Hamdon, Moe		-		-			-		2		2
Kruthof, Ian		14		14			14		9		9
Laforce-Fertig, Louise		12		12			12		3		3
Moore, Warna		13		13			13		3		3
Murray, Peter		11		11			11		8		8
Rooyakkers, Kathy		9		9			9		3		3
Sloan, Peggy		8		8			8		3		3
Svatenham, Judy		-		-			-		2		2
Vaters, Jeanette		11		11			11		3		3
Wilson, Wallace		-		-			-		1		1
Total honoraria		118		118			118		62		62
Staff											
Chief Executive Officer (CEO)	0.5	74	10	84	-	-	84	1	138	-	138
Chief Executive Officer (CEO)	0.5	56	7	63	-	-	63	-	-	-	-
	1.0	130	17	147	-	-	147	1	138		138
Management persons reporting to CEO											
COO Diagnostic and Treatment	0.5	59	8	67	-	-	67	1	115	-	115
COO Community Services	1.0	108	14	122	-	-	122	1	112		112
	1.5	167	22	189	-	-	189	2	227	-	227

Schedule 2

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

(in thousands of dollars)

For the year ended March 31,

	2003							2002			
					Severance						
	(1)	(2)	(3)		(1)						
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Subtotal	Number of Individuals	Amount	Total	Number of Individuals	Salaries, Benefits and Honoraria	Severance Amount	Total
Other management persons reporting to those above (average 2003 $95,032, average 2002 $88,545) (excluding severances)	23.8	$ 2,037	$ 224	$ 2,261	3	$ 236	$ 2,497	25	$ 2,251	$ 82	$ 2,333
Regulated nurses not included above (average 2003 $62,484, average 2002 $57,207) (excluding severances)	220.9	11,753	2,048	13,801		-	13,801	225	12,889	-	12,889
Other health technical and professionals (average 2003 $58,077, average 2003 $53,738) (excluding severances)	115.3	5,647	1,047	6,694	-	-	6,694	116	6,248	26	6,274
Unregulated health service providers (average 2003 $34,990, average 2002 $33,591) (excluding severances)	129.9	3,818	728	4,546	1	5	4,551	130	4,109	-	4,109
Other staff (average 2003 $41,721, average 2002 $40,076) (excluding severances)	188.8	6,606	1,269	7,875	4	53	7,928	182	7,312	100	7,412
	678.7	29,861	5,316	35,177	8	294	35,471	678	32,809	208	33,017
Total	681.2	$ 30,276	$ 5,355	$ 35,631	8	$ 294	$ 35,925	681	$ 33,236	$ 208	$ 33,444

Schedule 2

Crossroads Regional Health Authority #9
Schedule of Salaries, Honoraria, Benefits, Allowances and Severance
For the year ended March 31, 2003

(1) Full time equivalent (FTE) is determined as follows:

2,022.75 hours for all employees except regulated nurses. Regulated nurses use 1,920.75.

Total actual discrete number of individuals employed: 2003 - 973 (2002 - 969)

(2) Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of employee benefits and contributions on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, Employment Insurance, Worker's Compensation, car benefits and allowances and tuition.

(4) Severances includes: All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits, and outplacement training and counseling.

(5) The total amount is reported in the following schedules:

Note 17 - Ancillary Operations	$	139
Schedule 1 - Expenses by Object	$	35,925

Schedule 2

Capital
#10

CAPITAL HEALTH AUTHORITY

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003

Capital Health Authority

Consolidated Financial Statements

March 31, 2003

Auditor's Report

Management's Responsibility for Financial Reporting

Consolidated and Combined Consolidated Statements of Financial Position

Consolidated and Combined Consolidated Statements of Operations

Consolidated and Combined Consolidated Statements of Changes in Net Assets

Consolidated and Combined Consolidated Statements of Cash Flows

Notes to the Consolidated Financial Statements

Schedule 1 – Consolidated Schedule of Expenses by Object

Schedule 2 – Consolidated Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 – Consolidated Three Year Summary of Revenue and Expense

Schedule 4 – Combined Consolidated Schedule of Costs of Health Outputs

AUDITOR'S REPORT

To the Members of the Capital Health
and the Minister of Health and Wellness

I have audited the consolidated statement of financial position of the Capital Health Authority ("the Authority") as at March 31, 2003 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. I have also audited the supplementary information comprised of:

- the combined consolidated statements of financial position, operations, changes in net assets and cash flows of the Authority and the Caritas Health Group; and
- the combined consolidated schedule of costs of health outputs of the Authority and the Caritas Health Group

as at and for the year ended March 31, 2003, presented in accordance with the basis disclosed in Note 2 to the consolidated financial statements. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

In my opinion, the combined consolidated financial statements including the combined consolidated schedule of costs of health outputs present fairly in all material respects:

- the combined financial position, combined results of operations, combined changes in net assets and combined cash flows of the Authority and the Caritas Health Group; and
- the combined costs of health outputs of the Authority and the Caritas Health Group

as at and for the year ended March 31, 2003 in accordance with the basis of presentation disclosed in Note 2 to the consolidated financial statements.

Edmonton, Alberta
June 6, 2003, except for the combined consolidated schedule of costs of health outputs, which is June 17, 2003

Fred J. Dunn FCA
Auditor General

CAPITAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

CONSOLIDATED AND COMBINED CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying consolidated and combined consolidated financial statements are the responsibility of management and have been approved by the Authority. The consolidated and combined consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the consolidated and combined consolidated financial statements through the Audit and Finance Committee. This Committee meets with management, and the Auditor General to discuss and review financial matters, and recommends the consolidated and combined consolidated financial statements to the Capital Health Authority Board for approval. The Auditor General has full and free access to the Audit and Finance Committee.

The Auditor General provides an independent audit of the consolidated and combined consolidated financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allows him to report on the fairness of the consolidated and combined consolidated financial statements prepared by management.

Sheila Weatherill
President and
Chief Executive Officer

Allaudin Merali
Vice President
Finance and Administration

June 17, 2003

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2003
(thousands of dollars)

	Consolidated		Combined Consolidated (Note 2)	
	Capital Health Authority		Capital Health Authority and Carrier Health Group	
	2003	2002 (Restated Note 30)	2003	2002 (Restated Note 30)
ASSETS				
Current assets				
Cash and equivalents (Note 4)	$ 151,864	$ 122,763	$ 151,041	$ 142,077
Accounts receivable				
Contributions receivable	19,774	24,765	19,774	24,765
Other receivables	49,518	36,450	47,437	41,526
Inventories	8,613	10,377	8,613	11,456
Prepaid expenses	42,635	33,580	36,337	33,676
	274,404	227,935	262,394	253,506
Contributions receivable (Note 7)	500	94,804	500	94,804
Long-term investments pending purposes (Note 8)	18,273	11,911	18,273	11,911
Long-term cash and investments (Note 4)	194,117	141,851	196,047	143,657
Capital assets (Note 9)	772,870	763,165	656,397	630,576
TOTAL ASSETS	$ 1,256,964	$ 1,239,666	$ 1,134,299	$ 1,134,454
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable	$ 149,602	$ 111,152	$ 164,563	$ 123,314
Accounts receivable	53,487	50,298	46,576	63,030
Deferred payments contributions (Note 4)	69,968	61,917	69,960	62,142
Current portion of long-term debt (Note 9)	782	2,129	1,612	1,691
	273,835	225,496	282,199	251,161
Accounts liabilities				
Deferred contributions (Note 4)	2,922	2,799	7,466	6,693
Deferred capital contributions (Note 10)	151,057	177,661	151,151	177,751
Deferred contributions - long-term cash pending purposes (Note 11)	45,921	46,363	45,921	46,363
Long-term debt (Note 9)	8,424	9,206	9,606	11,400
Long-term liabilities (Note 12)	14,478	13,421	14,478	13,421
	222,802	249,450	229,664	255,007
Commitment of external capital contributions (Note 13)	654,550	653,425	716,278	706,726
Net assets				
Unrestricted		1,870	(464)	1,756
Invested in capital funds for determined purposes (Note 13)	10,572	23,872	10,572	23,872
Unrestricted capital assets	95,205	85,553	102,728	92,824
	105,777	111,295	112,837	116,452
TOTAL LIABILITIES AND NET ASSETS	$ 1,256,964	$ 1,239,666	$ 1,134,299	$ 1,134,454

Contributions (Note 13)
Subsequent event (Note 20)
The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health Authority			Capital Health Authority and Other Health Groups	
	2003		2002	2003	2002
	Budget (Note 16)	Actual	Actual (Restated Note 16)	Actual	Actual (Restated Note 16)
Revenues					
Alberta Health and Wellness contributions (Note 11)	$ 1,480,604	$ 1,454,096	$ 1,355,754	$ 1,454,096	$ 1,355,754
Other government contributions (Note 16)	20,471	21,703	20,187	21,703	21,934
Fee-for-service (Note 16)	114,725	115,762	101,210	115,762	101,210
Ancillary operations (see Note 16)	4,671	4,853	1,441	7,162	3,631
Rental, collection, investment and other income (Note 16)	65,049	65,982	61,252	74,104	60,102
Amortization of deferred capital contributions (Note 16)	38,390	46,107	42,767	52,119	49,171
TOTAL REVENUE	$ 1,693,910	$ 1,708,503	$ 1,583,573	$ 1,725,000	$ 1,592,656
Expenses (Schedule 1)					
Facility-based inpatient acute care services	$ 501,636	$ 505,851	$ 483,794	$ 499,971	$ 442,947
Facility-based emergency and outpatient services	167,031	171,062	157,874	174,690	164,132
Facility-based community care services	172,431	171,805	157,171	164,759	146,067
Community and home-based services	107,385	108,210	99,064	106,332	99,164
Diagnostic and therapeutic services	328,131	327,600	296,984	334,972	300,237
Research, education and prevention services	24,016	24,554	18,432	24,613	19,110
Research and education	65,518	64,355	65,781	64,794	66,301
Administration (Note 22)	41,754	41,797	40,195	41,463	41,927
Information technology	39,592	35,183	38,293	35,183	38,293
Support services (Note 23)	240,119	237,386	223,678	242,767	229,919
Amortization of facilities and equipment	22,335	26,218	21,425	26,273	26,896
TOTAL EXPENSE	$ 1,709,910	$ 1,714,021	$ 1,572,699	$ 1,726,731	$ 1,594,142
Excess (shortfall) of revenues over expenses	$ (16,000)	$ (5,518)	$ 11,881	$ (1,731)	$ (1,514)

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Consolidated							
	Capital Health Authority							
	2003							2002
	Operating Internally Restricted Funds for Designated Purposes (Note 15)	Unrestricted and Internally Restricted Funds	Investment in Capital Assets	Total	Total (Restated Note 16)	Operating and Internally Restricted Funds	Investment in Capital Assets	Total
Balance of Net Assets as at April 1, 2002, as previously reported	$ 1,976	$ 25,572	$ 25,542	$ 55,093	$ 142,295	$ 1,976	$ 25,572	$ 27,548
Prior period adjustment (Note 16)	(1,976)		2,500		99,414		2,500	2,500
Balance of Net Assets as at April 1, 2002, restated		25,572	28,042	55,093	241,709		28,072	30,048
Transfer to/from Internally Restricted Funds	(26,749)		26,749		(5,518)			
Amortization of deferred capital contributions	22,135		(22,135)		11,881			
Amortization of facilities and equipment	(15,576)	15,576						
Disposal of capital assets								
Net capital assets acquired with deferred capital contributions								
Net capital assets acquired with operating funds								
Net change in Internally Restricted Funds	1,667*							
Net change in Unrestricted Funds		(2,129)		(2,129)				
Net change in Investment in Capital Assets			1,667*	1,667*				
Balance as at April 1, 2003	$ 1,577	$ 38,019	$ 56,303	$ 95,631	$ 248,072	$ 1,976	$ 25,572	$ 27,548
Capital Health Authority								
Capital Health Foundation								
Combined Capital Health Authority and Other Health Groups								

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
CONSOLIDATED AND COMBINED CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Consolidated			Combined Consolidated (Note 2)	
	Capital Health Authority			Capital Health Authority and Caritas Health Group	
	2003		2002	2003	2002
	Budget	Actual	Actual (Restated Note 30)	Actual	Actual (Restated Note 30)
Operating activities					
Excess of revenues over expense	$ (16,000)	$ (5,518)	$ 11,881	$ (15,035)	$ 11,524
Non-cash transactions					
Amortization of capital equipment - internally funded	11,500	17,973	17,269	[illegible]	[illegible]
Amortization of capital equipment - externally funded	18,390	21,992	22,618	[illegible]	[illegible]
Amortization of facilities and improvements	22,115	27,701	22,476	[illegible]	[illegible]
Amortization of long-term care partnership investment loss (Note 6)	-	527	-	527	-
Amortization of external capital contributions (Note 12)	(38,390)	(46,767)	(43,259)	[illegible]	[illegible]
Amortization of long-term care partnership deferred contributions (Note 6)	-	(527)	-	(527)	-
Net loss on disposal of capital equipment	-	236	216	241	157
Write-down of investments to market value	-	1,647	-	1,647	-
Loss (gain) on disposal of investments	-	98	(88)	14	(172)
Change in non-cash working capital accounts	-	32,318	(1,783)	[illegible]	[illegible]
Cash generated (used) by operations	(2,385)	49,680	29,330	[illegible]	[illegible]
Investing activities					
Purchase of investments		(200,528)	(50,930)	[illegible]	[illegible]
Purchase of capital assets					
Internally funded	(11,500)	(29,715)	(39,566)	[illegible]	[illegible]
Externally funded (Note 12)					
Equipment	(21,900)	(13,386)	(7,208)	[illegible]	[illegible]
Facilities and improvements	-	(34,506)	(35,548)	[illegible]	[illegible]
Proceeds on sale of investments	-	185,394	48,140	[illegible]	[illegible]
Proceeds on disposal of capital assets	-	-	-	-	8
Long-term care partnership projects (Note 6)	(18,392)	(3,889)	(8,143)	[illegible]	[illegible]
Allocations to non-current cash	(42,557)	(38,877)	(28,768)	[illegible]	[illegible]
Cash used for investing activities	(94,349)	(135,507)	(122,023)	[illegible]	[illegible]
Financing activities					
Deferred contributions		123	145	[illegible]	[illegible]
Capital contributions (Note 10)	21,900	21,288	141,510	[illegible]	[illegible]
Long-term care partnership projects (Note 6)	(469)	85	30,292	[illegible]	[illegible]
Change in contributions receivable	63,504	94,504	(79,157)	[illegible]	[illegible]
Principal payments on long-term debt	(2,100)	(2,129)	(3,168)	[illegible]	[illegible]
Proceeds from long-term debt	-	-	-	-	[illegible]
Life-term deposits received	-	1,057	4,827	[illegible]	[illegible]
Cash generated from financing activities	82,835	114,928	94,449	[illegible]	[illegible]
Increase in current cash and temporary investments	(13,899)	29,101	1,756	[illegible]	[illegible]
Current cash and temporary investments at beginning of year	125,251	122,763	121,007	[illegible]	[illegible]
Current cash and temporary investments at end of year	$ 111,352	$ 151,864	$ 122,763	[illegible]	[illegible]

The accompanying notes and schedules are part of these consolidated and combined consolidated financial statements.

CAPITAL HEALTH AUTHORITY
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 Authority, Purpose and Operations

The Capital Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The geographical boundary of the Capital Region to March 31, 2003 comprised the cities of Edmonton, St. Albert and Leduc, the municipalities of Beaumont, New Sarepta, Rolly View, Nisku, Calmar, Thorsby, Sunnybrook, and Warburg, the counties of Strathcona and Leduc. The Authority provides a significant amount of services to residents of surrounding northern regions, and for some specialized programs, provides services to all Albertans as well as the western provinces and territories.

The Authority operations include the following:

a) Acute Care Hospitals and Community Hospitals
- University of Alberta Hospital
- Royal Alexandra Hospital
- Glenrose Rehabilitation Hospital
- Grey Nuns Community Hospital (operated by the Caritas Health Group)
- Misericordia Community Hospital (operated by the Caritas Health Group)
- Sturgeon Community Hospital
- Leduc Community Hospital

b) Innovative Primary Health Facilities
- Northeast Community Health Centre

Note 1 Authority, Purpose and Operations (continued)

c) Continuing Care Facilities
- Capital Care Group Inc. (wholly owned subsidiary of the Authority):
  - Dickinsfield, Grandview, Norwood, Lynnwood, Mewburn
  - Veterans Centre, Strathcona Care Centre, McConnell Care
- Centres, Laurier Houses, Family Care Homes and Strathcona Dementia Care Centre
- Edmonton General Hospital (operated by the Caritas Health Group)
- Private and Voluntary Continuing Care Providers
  - 13 providers under contract operating at 22 sites

d) Home Care
e) Public Health Clinics - 14 sites
f) Public Health Speciality Clinics - 4 sites
g) Medical Education (interns and residents) - various facilities
h) Research - undertaken at Northern Alberta Clinical Trials Centre and various facilities
i) Laboratory Services - hospital based laboratory services, and services contracted from a private operator
j) Provincial Laboratory at the University of Alberta Hospital site
k) Community Rehabilitation Physiotherapy Clinics at 47 sites under contract and 2 public sites
l) Community Organizations - 24 providers under contract
m) Ancillary Operations - non-patient food services, parking, and other commercial activities

These financial statements do not include the assets, liabilities and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 24. However, supplementary information comprising the combined financial statements of the Authority and Caritas Health Group is provided (see Note 2).

Note 2 Combined Consolidated Financial Statements

In meeting its responsibilities under the Regional Health Authorities Act, the Authority contracts with the Caritas Health Group to provide certain acute care services as an integral part of the Authority's operations.

Note 2 Combined Consolidated Financial Statements (continued)

The consolidated financial statements of the Capital Health Authority and the audited financial statements of the Caritas Health Group have been combined for the current and prior year and presented as supplementary information, item for item with the information presented in the consolidated financial statements of the Authority. Account balances and transactions between the Authority and the Caritas Health Group have been eliminated. Schedule 4, and the notes thereto, presents information on the combined costs for the Authority and the Caritas Health Group.

Note 3 Significant Accounting Policies and Reporting Practices

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

(1) These financial statements have been prepared on a consolidated basis, except that foundations are not consolidated (see Note 24). The entities consolidated are the Capital Health Authority and its wholly owned subsidiary, Capital Care Group Inc.

In addition, the Authority has a fifty percent interest in the Northern Alberta Clinical Trials Centre joint venture with the University of Alberta. The proportionate consolidation method has been used to include the Authority's interest in this joint venture.

(2) These consolidated financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable, unless they have been specifically designated by the contributor for a future year.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred. If these contributions are unspent, they are recorded as deferred contributions.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(viii) Revenue from sale of goods and services is recorded in the period that goods are delivered or services are provided.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions recorded consist of the following:

(i) Revenue earned by contracted health service operators from Alberta Health and Wellness designated fees and charges is recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

(ii) Payments from Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(v) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

(i) Pension Obligation

The Authority and its eligible employees participate in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit accounting.

Pension expense included in these financial statements comprises the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

(ii) Other Future Benefits

The Authority is obligated to pay out accumulated sick leave credits to certain employees employed prior to April 1, 1975 with five continuous years of permanent service. Those who terminate employment shall be entitled to collect pay in an amount equivalent to twenty-five percent (25%) of any unexpended sick leave credits.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(c) Employee Future Benefits (continued)

(iii) Other Future Benefits (continued)

The Authority participates in a Supplementary Unemployment Benefit Plan (SUBP). This is a post-delivery disability benefit for female employees who meet certain qualification criteria. Qualifying employees are entitled to a top-up of their Employment Insurance Maternity benefits to a percentage of their regular earnings and to a cost sharing of SUBP premiums during the post-delivery disability period.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value. Investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal. Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable and accounts payable approximates their fair value because of the short-term maturities of these items.

The fair values of cash and investments are disclosed in Note 4.

Non-current contributions receivable approximate their fair value.

The carrying value of the life lease deposits repayable over a long term at the original values is not discounted. The fair value of the life lease deposits is not practically determinable.

The carrying value of long-term debt and obligations under capital leases approximates their fair values.

(f) Inventories

Inventories are valued at the lower of cost and net realizable value.

Note 3 Significant Accounting Policies and Reporting Practices (continued)

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

Buildings	2.5% - 5%
Parking lots	5%-10%
Land improvements	10%
Furniture and equipment	5% - 20%
Equipment under capital lease	5% - 20%
Leasehold improvements	Lease term plus one renewal period

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in the financial statements but are disclosed in Note 27.

(i) Measurement Uncertainty

The consolidated financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

The Authority records amounts to accrue for the impact of unsettled labour contracts. These amounts are estimates of future increases in salaries and benefits payable. Actual results could differ from these estimates.

The Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and, therefore, does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 4 Cash and Investments

	2003		2002	
	Cost	Market Value	Cost	Market Value
	(thousands of dollars)			
Cash	$ 246,519	$ 246,519	$ 177,826	$ 177,826
Money market securities	6,148	6,148	2,660	2,663
Bonds	63,558	64,926	58,687	58,244
Equities	29,756	29,607	25,441	30,926
Total	$ 345,981	$ 347,200	$ 264,614	$ 269,659
Reported as				
Current	$ 151,864		$ 122,763	
Non-current	194,117		141,851	
	$ 345,981		$ 264,614	

(a) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to future fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established an asset mix policy of 0% to 100% for fixed-income instruments and 0% to 35% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(b) Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities maturity dates range from September 2005 to December 2031. Bond yields to maturity range from 2.5% to 5.3% as at March 31, 2003. (March 31, 2002 - 4.1% to 10.5%). The weighted average term to maturity is 7.5 years.

Fixed-income securities, such as bonds, have an average effective yield of 2.5% per annum based on the market for securities maturing within a year, and 4.1% per annum for securities maturing between 1 and 3 years, 4.8% per annum for securities maturing between 3 and 5 years, 5.0% per annum for securities maturing between 5 and 7 years, 5.6% per annum for securities maturing between 7 and 10 years and 5.3% per annum for securities maturing over 10 years.

Note 4 Cash and Investments (continued)

(b) (continued)

As at March 31, 2003 the securities have the following term structure based on market

	%
Under 1 Year	9
1 to 5 years	31
5 to 10 years	45
Over 10 years	15
	100

The carrying value of certain investments is in excess of fair market value at March 31, 2003. The Authority's management has reduced the carrying value of equities by an amount which they have determined to be the decline in value that is other than temporary.

In circumstances where the decline in carrying value of equities is other than temporary (normally over a three or four year period), the carrying value would be written down to fair market value. In management's best judgement, based on a thorough review with both its investment advisors and the Authority's Board, the balance of the decline in carrying value of equities is deemed to be temporary.

(c) Equities comprise publicly traded equities in Canadian and United States resident corporations. Risk is reduced by prudent security selection and sector rotation.

(d) Non-current cash and investments held relate to the following:

	2003	2002
	(thousands of dollars)	
Funds committed for long-term care partnership projects (Note 6)	$ 45,921	$ 46,363
Non-current loan - long-term care partnership projects	(15,273)	(11,911)
Contributions receivable - long-term care partnership projects (Note 5)	-	(30,000)
Contributions externally restricted for operating purposes	2,922	2,799
Contributions externally restricted for capital purposes (Note 10)	151,057	177,661
Contributions receivable (Note 5)	(300)	(64,804)
Funds committed for capital purposes (Note 13)	10,572	23,872
Current portion of long-term debt (Note 9)	(782)	(2,129)
	$ 194,117	$ 141,851

Note 5 Contributions Receivable

	2003	2002
	(thousands of dollars)	
Alberta Infrastructure	$ -	$ 51,758
Alberta Health and Wellness capital equipment	-	12,546
Other	300	500
	300	64,804
Alberta Infrastructure - long-term care partnership projects	-	30,000
	$ 300	$ 94,804

Note 6 Long-term Care Partnership Projects

Funds received from Alberta Infrastructure for the purpose of providing facility based continuing care to the region's residents are recorded as long-term deferred contributions. $ 45,921,000 (2002 $ 46,363,000)

The Authority uses the Forgivable Mortgage Model for reporting the contribution and advancement of funds. The provincial Government supports partnerships between Capital Health Authority and private, public or voluntary organizations by providing a one-time, up-front capital grant to the Authority. The Authority in turn provides a demand loan to the partner. The partner uses these funds towards the construction of the facility. The loan is forgivable over the useful life of the infrastructure. The loan is repayable on demand, is secured by the facility and is forgivable for services rendered by the owner over the life of the facility. The Authority does not accrue interest on the loan as the Authority will forgive the balance of the loan following the expiry of the initial thirty years of use and any extension arrangement (not to exceed ten years). During the year the Authority advanced $3,889,000 (2002 $ 8,143,000) for the construction of new facilities.

During the year, the Authority amortized $527,000 (2002 $nil) of loans-long-term care partnership projects to facility-based continuing care services and recognized an equal amount of revenue as other government contributions through the amortization of deferred contributions-long term-care partnership project.

Note 7 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Buildings	$ 864,184	$ 281,089	$ 583,095	$ 578,051
Parking lots	36,341	14,802	21,539	23,965
Land and improvements	8,006	3,050	4,956	4,196
Furniture and equipment	372,123	252,417	119,706	118,387
Equipment under capital lease	9,532	9,473	59	199
Leasehold improvements	10,419	4,452	5,967	6,532
Projects in progress [1]	37,548	-	37,548	31,835
	$ 1,338,153	$ 565,283	$ 772,870	$ 763,165

[1] Projects in progress include the Royal Alexandra Hospital redevelopment, University of Alberta Hospital operating rooms, other major capital upgrades and information technology projects under development.

(a) Land

Land at the following sites has been provided to the Authority at nominal values:

Site	Leased From	Lease Period
Royal Alexandra Hospital	City of Edmonton	Expires 2003
Glenrose Rehabilitation Hospital	Province of Alberta	Expires 2038
Mewburn Veterans Centre	Alberta Cancer Board	Expires 2008
Laurier Houses	Alberta Infrastructure	Expires 2056
McConnell Place North	City of Edmonton	Expires 2035
McConnell Place West	Alberta Infrastructure	Expires 2056

Note 7 Capital Assets (continued)

(b) Capital assets have been funded from the following sources:

	2003	2002
	(thousands of dollars)	
Externally funded (unamortized external capital contributions) (Note 12)	$ 654,550	$ 653,425
Internally funded (investment in capital assets)	95,205	85,553
Financed through:		
Long-term debt (Note 9)	9,206	11,335
Life lease deposits (Note 11)	14,478	13,421
Other	(569)	(569)
	$ 772,870	$ 763,165

Note 8 Deferred Operating Contributions

	2003	2002
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness contributions		
Restricted	$ 88,762	$ 71,271
Unrestricted	1,370,771	1,288,968
	1,459,533	1,360,239
Other government contributions	10,160	9,534
Special purpose funds for research and education	31,058	30,385
Other contributions	15,636	4,346
	1,516,387	1,404,504
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 17)		
Restricted	83,325	66,786
Unrestricted	1,370,771	1,288,968
	1,454,096	1,355,754
Other government contributions		
Primary care projects (Note 18)	-	7
Alberta Mental Health Board (Note 18)	5,136	3,253
School health initiatives (Note 18)	4,717	4,499
Federal government projects (Note 18)	46	25
Community Lottery Boards (Note 18)	139	31
AADAC smoking cessation (Note 18)	18	-
Special purpose funds for research and education (Note 21)	29,888	31,951
Other contributions (Note 21)	14,296	4,941
	1,508,336	1,400,461
Change during the year	8,051	4,043
Balance at beginning of year	61,917	57,874
	$ 69,968	$ 61,917
Unspent amounts at end of year are restricted for the following purposes:		
Current:		
Alberta Health and Wellness patient care programs	$ 26,445	$ 21,008
Other government contributions for primary care programs	3,118	3,014
Special purpose funds for research and education	33,059	31,887
Other	7,346	6,008
	69,968	61,917
Long-term:		
Other	2,992	2,799
	$ 72,960	$ 64,716

Note 9 Long-term Debt

	2003	2002
	(thousands of dollars)	
Loans	$ 423	$ 2,222
Debentures	8,783	9,113
	9,206	11,335
Less: current portion	782	2,129
Long-term portion	$ 8,424	$ 9,206

	Loans and Debentures
Future principal payments:	
For the year ending March 31	
2004	$ 782
2005	369
2006	391
2007	413
2008	437
thereafter	6,814
	$ 9,206

Loan and debenture maturities and rates are as follows:

	Maturity Date	Rate	Amount 2003	Amount 2002
			(thousands of dollars)	
Alberta Municipal Financing Corp.[1]	October 1, 2018	5.75%	$ 8,783	$ 9,113
Pacific & Western Trust Corporation[2]	April 26, 2003	5.55%	423	2,222
			$ 9,206	$ 11,335

[1] The parkade at University of Alberta Hospital is pledged as collateral security for the Alberta Municipal Financing Corporation debenture.

[2] Capital equipment is pledged as collateral security for the Pacific & Western Trust Corporation loan.

Note 10 Deferred Capital Contributions

The deferred capital contributions balance represent amounts accounted for in accordance with the accounting policy described in Note 3a(2).

	2003	2002
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 1,569	$ 6,115
Restricted other government contributions	1,744	55,983
Interest on externally restricted contributions	178	424
Donations restricted for capital purposes	10,418	10,206
Other	7,379	3,978
	21,288	76,706
Capital contributions receivable (Note 5)	-	64,804
	21,288	141,510
Transferred from deferred contributions - *long-term care partnership projects* (Note 6)	-	630
Transferred to unamortized external capital contributions (Note 12)	(47,892)	(42,756)
Change during the year	(26,604)	99,384
Balance at beginning of year	177,661	78,277
Balance at end of year	$ 151,057	$ 177,661

Balance at the end of the year is restricted for equipment, construction projects, facility upgrades and information technology projects

Note 11 Life Lease Deposits

Funding for the Laurier Houses, project for long-term care residents, is provided by the tenants with a non-interest bearing repayable deposit, for a right to occupy the unit leased. When the life lease agreement is terminated, which may be by death or the tenant moving out, the life lease deposit is returned to the tenant without interest and in accordance with the terms of the life lease agreement.

Note 12 Unamortized External Capital Contributions

The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance at beginning of year	$ 653,425	$ 653,928
Add amounts transferred from deferred capital contributions (Note 10)	47,892	42,756
Less amounts recognized as revenue:		
Ancillary operations (Note 20)	(660)	(492)
Amortization of external capital contributions	(46,107)	(42,767)
	(46,767)	(43,259)
Balance at end of year	$ 654,550	$ 653,425

Note 13 Internally Restricted Funds for Designated Purposes

Funds restricted for designated purposes represent amounts internally restricted by the Authority for the following purposes.

	2003	2002
	(thousands of dollars)	
Amounts appropriated for capital commitments	$ 4,189	$ 19,040
Debt repayment	782	2,100
Other	5,601	2,732
	$ 10,572	$ 23,872

Note 14 Unrestricted and Restricted Funds

	2003	2002
	(thousands of dollars)	
Deficiency in net assets at regionalization - April 1, 1995	$ (802)	$ (802)
Changes since regionalization		
Cumulative operating surplus (deficit)	78,922	84,440
Invested in capital assets (net of amortization)	(71,049)	(60,340)
Other	3,501	2,444
	$ 10,572	$ 25,742
Unrestricted	$ -	$ 1,870
Restricted funds for designated purposes	10,572	23,872
	$ 10,572	$ 25,742

Unrestricted and Restricted Funds by Year

	Opening Balance	Operating Surplus/Deficit	Capital Asset Acquisitions	Amortization on Internally Funded Assets	Debt Repayment	Other Including Life Lease Deposits	Ending Balance
	(thousands of dollars)						
1995-96	$ (802)	$ (30,522)	$ (2,429)	$ 7,036	$ (835)	$ (2,113)	$ (29,965)
1996-97	$ (29,965)	9,927	(13,132)	7,001	(659)	-	(26,828)
1997-98	(26,828)	25,135	(2,070)	7,299	(1,894)	-	1,642
1998-99	1,642	39	(15,442)	8,536	(3,061)	(225)	(8,461)
1999-00	(8,461)	66,099	(9,492)	7,809	(3,392)	-	52,563
2000-01	52,563	2,131	(26,397)	10,246	(4,450)	(45)	34,048
2001-02	34,048	11,881	(39,566)	19,320	(4,768)	4,827	25,742
2002-03	25,742	(5,518)	(29,715)	21,135	(2,129)	1,057	10,572
Total		$ 78,922 [1]	$ (138,243)	$ 88,382	$ (21,188)	$ 3,501	

[1] The cumulative operating surplus of $78,922,000 includes funding of $33,081,000 received in 1997-1998 for the inherited deficit at regionalization.

Note 15 Commitments

The Authority is committed to operating lease payments in future years as follows:

For the year ending March 31,	(thousands of dollars)
2004	2,141
2005	1,610
2006	1,294
2007	921
2008	-
and thereafter	-
	$ 5,966

The leases expire at various dates from 2004 to 2007.

The Authority has outstanding commitments for capital equipment purchases of $49,143,000 and the commitments for long-term care partnership projects of $30,648,000.

The Authority contracts on an ongoing basis with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region (Note 24(e)). The Authority has contracted for services in the year ending March 31, 2004 similar to those provided by these operators in 2003.

In order to manage its exposure to the volatility in the electrical industry, the Authority has entered into a five year contract to fix its electrical costs at all sites, except the University of Alberta Hospital. This commitment expires on December 31, 2008. Based on 2003 consumption, the estimated annual cost of this contract is $2,444,000. The University of Alberta Hospital power is provided through the University of Alberta.

Note 16 Budget

Consolidated Statement of Operations

	Approved Budget (1)	Adjustments (2)	Reported Budget
	(thousands of dollars)		
Revenue			
Alberta Health and Wellness contributions	$ 1,427,604	$ 23,000	$ 1,450,604
Other government contributions	20,471		20,471
Fees and charges	106,725	8,000	114,725
Ancillary operations, net	4,671		4,671
Research, education, investment and other income	73,049	(8,000)	65,049
Amortization of external capital contributions	38,390		38,390
	1,670,910	23,000	1,693,910
Expense			
Facility-based inpatient acute services	483,636	18,000	501,636
Facility-based emergency and outpatient services	145,033	22,000	167,033
Facility-based continuing care services	226,431	(54,000)	172,431
Community and home based services	95,385	12,000	107,385
Diagnostic and therapeutic services	328,311		328,311
Promotion, prevention and protection services	38,016	(14,000)	24,016
Research and education	75,518	(10,000)	65,518
Administration	39,754	2,000	41,754
Information technology	39,592		39,592
Support services	193,119	47,000	240,119
Amortization of facilities and improvements	22,115		22,115
	1,686,910	23,000	1,709,910
Excess of expense over revenue	$ (16,000)	$ -	$ (16,000) (3)

(1) The Authority Board approved the budget on June 26, 2002. The Minister of Health and Wellness approved the budget in a letter dated June 27, 2002.

(2) Adjustments relate mainly to accounting for restricted funds, reclassification of items to conform to presentation in these financial statements and reallocation of expenditures.

(3) The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $5,518,000 for the year ended March 31, 2003. In accordance with the Section 2.9(3) of the regulation, the Authority used accumulated unrestricted and internally restricted net assets to offset the deficit.

Note 17 Alberta Health and Wellness Contributions

	2003	2002
	(thousands of dollars)	
Unrestricted funding	$ 1,368,680	$ 1,286,871
Unrestricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 24(c))	2,091	2,097
	1,370,771	1,288,968
Restricted funding	83,325	66,786
	$ 1,454,096	$ 1,355,754

Note 18 Other Government Contributions

	2003	2002
	(thousands of dollars)	
Alberta Infrastructure	$ 337	$ 507
Primary care projects (Note 8)	-	7
Alberta Mental Health Board (Note 8)	5,136	3,253
School health initiatives (Note 8)	4,717	4,499
Federal government projects (Note 8)	46	25
Community Lottery Boards (Note 8)	139	31
AADAC smoking cessation (Note 8)	18	-
Fair value of rent less rent charges for non-acute care facilities used by the Authority (Note 24(c))	825	3,213
Fair value for use of non-owned acute care facilities (Note 24(c))	9,956	8,652
Amortization of long-term care partnership deferred contributions (Note 6)	527	-
	$ 21,703	$ 20,187

Note 19 Fees and Charges

	2003	2002
	(thousands of dollars)	
Acute Care		
Non-entitled revenue - inpatients	$ 56,259	$ 46,128
Non-entitled revenue - outpatients	6,276	6,752
Preferred accommodations	1,585	1,269
Other	6,587	6,755
	70,707	60,904
Continuing Care		
Accommodation charges	33,840	24,320
Preferred accommodation	8,685	13,719
Other	2,333	2,102
Federal government	197	165
	45,055	40,306
	$ 115,762	$ 101,210

Note 20 Ancillary Operations

	2003				2002
	(thousands of dollars)				
	Non Patient Food Services Operations	Other Operations	Parking Operations	Total	Total
Revenue					
Revenue	$ 10,561	$ 16,155	$ 7,568	$ 34,284	$ 32,052
Amortization of crystal capital contributions	74	16	570	660	492
	10,635	16,171	8,138	34,944	32,544
Expense					
Other expenses	10,461	15,046	3,007	28,514	27,686
Amortization of capital assets	74	16	1,487	1,577	1,417
	10,535	15,062	4,494	30,091	29,103
Excess of revenue over expense 2002-03	$ 100	$ 1,109	$ 3,644	$ 4,853	$ 3,441
Excess (deficiency) of revenue over expense 2001-02	$ (174)	$ 595	$ 2,677	$ 3,441	

Note 21 Research, Education, Investment and Other Income

	2003	2002
	(thousands of dollars)	
Investment income	$ 10,609	$ 14,140
Funds received for research and education purposes (Note 8)	29,888	31,951
Other contributions (Note 8)	14,296	4,941
Northern Alberta Clinical Trials Centre	205	23
Sales and recoveries	10,984	10,157
	$ 65,982	$ 61,212

Investment income comprises interest, dividends, amortization of discount and premiums, net gains and losses on disposal of investments and write-downs of investments to market value.

Note 22 Administration

	2003	2002
	(thousands of dollars)	
General administration	$ 15,536	$ 14,732
Insurance	2,256	1,634
Financial services	7,592	7,177
Human resources	9,266	9,421
Administration – contract operators (Note 24(c))	7,147	7,031
	$ 41,797	$ 40,195
Expenses before amortization of related capital assets	$ 41,615	$ 39,753
Amortization of related capital assets	182	442
	$ 41,797	$ 40,195

Note 23 Support Services

	2003	2002
	(thousands of dollars)	
Clinical engineering	$ 5,769	$ 5,055
Building maintenance, operations, security and utility	45,555	42,350
Communications	3,480	3,552
Education	5,967	4,590
Housekeeping	19,342	19,796
Materials management	19,737	19,871
Patient food services	24,438	24,878
Patient registration and health records	14,095	12,868
Patient transportation	8,848	8,756
Support services – contract operators (Note 24(c))	89,326	80,963
Other services	829	996
	$ 237,386	$ 223,675
Expenses before amortization of related capital assets	$ 233,785	$ 219,439
Amortization of related capital assets	3,601	4,236
	$ 237,386	$ 223,675

Note 24 Related Parties

(a) Provincial Government

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected up to March 31, 2003. The Minister of Health and Wellness appoints the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Consolidated Statement of Operations and notes 8, 10, 17 and 18 to the consolidated financial statements.

(b) The consolidated financial statements include the accounts of Capital Care Group Inc., a wholly owned subsidiary company, which operates continuing care centres in the Region.

Note 24 Related Parties (continued)

(c) Foundations

The Authority has an economic interest in the following foundations:

	Contributions Received [1]		Revenues Health Foundations 2003		
			Endowments & Externally Restricted	Internally Restricted	Unrestricted
	2003	2002	(thousands of dollars)		
University Hospital Foundation	$ 6,154	$ 5,447	$ 10,374	$ 6,190	$ 4,701
Royal Alexandra Hospital Foundation	1,856	3,658	5,597	1,550	284
Children's Health Foundation of Northern Alberta	1,747	2,856	1,100	2,772	632
Capital Care Foundation	1,084	446	657	143	93
Black Gold Health Foundation	755	143	–	104	726
Glenrose Foundation	–	478	1,362	534	896
Sturgeon Community Hospital & Health Centre Foundation	385	398	580	–	554
Strathcona Health Care Foundation	–	754	–	–	–
Council of Foundations	214	9	1,877	1,870	–
	$ 11,845	$ 13,908	$ 20,547	$ 13,069	$ 7,970

[1] Contributions comprise externally restricted amounts for equipment, programs, research and education.

Note 24 Related Parties (continued)

(c) Foundations (continued)

Amounts related to administrative support provided to foundations and the accounts receivable from (payable to) the foundations at year-end are as follows:

	Administrative Support		Accounts Receivable (Payable)	
	2003	2002	2003	2002
	(thousands of dollars)			
University Hospital Foundation	$ –	$ –	$ (1321)	$ (286)
Royal Alexandra Hospital Foundation	–	–	–	–
Children's Health Foundation of Northern Alberta	–	–	837	493
Capital Care Foundation	164	154	(181)	77
Black Gold Health Foundation	35	26	–	–
Glenrose Foundation	130	167	11	–
Sturgeon Community Hospital & Health Centre Foundation	–	–	9	12
Strathcona Health Care Foundation	–	–	–	–
Council of Foundations	7	11	–	(137)
	$ 336	$ 358	$ 346	$ 119

Note 24 Related Parties (continued)

(d) Other Voluntary Organizations

The Authority has an economic interest in the following organizations affiliated with the hospitals:

	Contributions Received		Resources Held by Organizations 2003		
	2003	2002	Endowments & Externally Restricted	Internally Restricted	Unrestricted
	(thousands of dollars)				
The Friends of University Hospital	$ 230	$ 230	$ 100	$	$ 349
Royal Alexandra Hospital Women's Auxiliary	100	142			128
Sturgeon Healthcare Auxiliary Voluntary Association	100	83			
Glenrose Rehabilitation Hospital Women's Auxiliary					
	$ 430	$ 455	$ 100	$	$ 477

(e) Contracted Health Service Operators

The Authority contracts with voluntary, private and community health service operators to provide acute and continuing care and other health services in the Region.

One of the major service providers within the region is the Caritas Health Group. A Cooperation Agreement, dated March 21, 1996, arising from the agreement between the Catholic Health Association of Alberta and Associates and Alberta Health and Wellness dated December 20, 1994, describes the relationship between the Authority and the Caritas Health Group. These financial statements include, as supplementary information, financial information related to the Caritas Health Group. The consolidated statement of operations amounts include expenses of the Caritas Health Group to the extent of funding provided by the Authority plus approved patient or resident fees and charges and a fair value adjustment for the use of the Caritas Health Group's acute care and non-acute care facilities.

Note 24 Related Parties (continued)

(e) Contracted Health Service Operators (continued)

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities:

	2003					2002
	Direct Funding by the Authority	Direct Funding to Alberta Health and Wellness (Note 12)	Approved Patient/Resident Fees and Charges	Fair Cost Adjustments (Note 18)	Total	Total
	(thousands of dollars)					
Facility Sector						
Alba Care Continuing Care Centre	$ 5,290		$ 1,466		$ 6,764	$ 2,961
Caritas Health Group	201,935		13,434	10,281	225,600	205,640
Central Park Lodge	7,570		2,445		10,022	9,270
Grandview	8,876	184	3,010		12,110	11,454
Good Samaritan	29,025	597	7,480		36,902	34,955
Hillside Nursing Home	4,411		1,903		6,290	5,904
Jubilee Lodge Nursing Home	5,091	102	1,719		7,162	6,671
Millwoods Shepherd's Care Centre	6,674	171	2,718		9,563	9,141
Salem Manor	3,316	35	1,140		4,512	4,429
Mount Carmel Care Centre	3,312		1,120		4,432	4,315
St. Joseph's Auxiliary Hospital	9,186		2,298		11,484	11,131
St. Michael's Long-term Care Centre	5,634	400	1,640		8,674	7,738
Vitale Nursing Home	2,800	544	356		3,700	3,663
Youville Nursing Home (St. Albert)	5,557	46	1,571		7,169	7,159
Physiotherapy providers	6,887				6,887	6,184
Homecare providers	15,011				15,011	15,391
Others[1]	26,254				26,254	23,020
	$ 419,774	$ 2,091	$ 47,631	$ 10,281	$ 475,279	$ 435,574
Expenses in the following expenses categories						
Facility-based continuing care services					$ 109,680	$ 98,165
Facility-based inpatient care services					90,913	79,738
Facility-based emergency and outpatient services					24,295	27,536
Community and home-based services					35,118	35,798
Diagnostic and therapeutic services					116,290	109,205
Promotion, prevention and protection services					324	332
Research and education					1,716	1,747
Support services					80,126	80,963
Administration					7,017	7,031
					$ 475,279	$ 435,574

(1) Includes services such as laboratory, self managed care, non-hospital surgical facilities, etc.

Note 25 Province Wide Services

Included in Alberta Health and Wellness contributions is funding to provide a specific range of complex, high technology, high cost services (classified as Province Wide Services). These services are only provided at Capital Health and Calgary Health and are available to all Albertan's. Funding and cost information for Capital Health, included in revenues and expenditures, is as follows:

	2001				2002			
	(thousands of dollars)							
			Variance				Variance	
	Funding[1]	Costs[2]	$	%	Funding[1]	Costs[2]	$	%
Inpatient[3]	$ 108,665	$ 114,396	$ (5,731)	(5.3)	$ 98,478	$ 103,695	$ (5,217)	(5.3)
Clinics and home services[4]	60,641	60,642[5]	(1)	0.1	57,491	57,490	1	0.1
High cost drugs and devices[6]	34,264	39,196	(4,932)	(14.3)	37,846	38,637	(791)	(2.4)
Tertiary services[7]	23,121	26,602	(3,481)	(15.1)	20,446	25,927	(5,481)	(26.7)
Unallocated Funding[8]	3,477		3,477	100.0	3,126		3,126	100.0
	$ 230,168	$ 240,836	$ (10,668)	(4.6)	$ 217,417	$ 225,749	$ (8,332)	(3.8)

(1) Funding provided by Alberta Health and Wellness does not include amortization of related external capital contributions.

(2) Costs for inpatient, and clinics and home services include direct costs, allocation of overhead and amortization of equipment.

(3) Inpatient services consist of organ transplants, most heart surgeries, high end trauma and burns cases, selected neurosurgery procedures, neuromodulation, neonatology and selected oncology procedures. In 2002/03, inpatient cases are grouped and defined in Case Mix Groups (in the previous years, they were grouped under Refined Diagnosis Related Groups.). Therefore, volumes and costs for inpatient are not fully comparable between the two years. Inpatient costs were based on the costing methodology adopted by Alberta Health and Wellness Costing Partnership Project. Inpatient costs are based on average case cost for in-province cases for the year. Patient activity is based on patient discharge date.

(4) Clinics and home services represent actual costs for programs such as renal and peritoneal dialysis services, pre and post transplant services, islet cell transplantation, home enteral nutrition therapy, medical genetics testing, COMPRU, visualyne therapy, pediatric transport and HIV Clinic. Costs for out of province patients are excluded.

(5) High cost drugs represent actual costs for transplantation drugs, HIV drugs and other pre-established high cost drugs. Drug distribution costs are included. High cost devices represent actual costs for cranioplasty, implantable cardiac defibrillators and cochlear implants.

Note 25 Province Wide Services (continued)

(6) Tertiary services compensate for indirect costs relating to teaching and research hospitals. The amounts reported are based on methodology developed by the Province Wide Services Advisory Committee.

(7) The unallocated funding of $3.5 million was for all province wide services, and therefore, was not allocated to a specific service.

Note 26 Surgical Services Contracts

The Authority has entered into contracts with accredited surgical facilities pursuant to the Health Care Protection Act to provide health services. Information of the facilities, contract value and payments is as follows:

Entity	Service	Term of Contract[1] Start Date	Term of Contract[1] End Date	Total Value of Contract[2]	Total Expense 2001	Total Expense 2002
				(thousands of dollars)		
Don Lewis Professional Corporation	Dermatology	01-Oct-00	31-Mar-03	$ 161	$ 541	$ 536
Alberta Eye Institute, Inc.	Ophthalmology	01-Oct-00	31-Mar-03	710	361	234
Banks Eye Centre and Surgical Suite	Ophthalmology	01-Oct-00	31-Mar-03	42	15	20
Coronation Day Surgery Centre	Ophthalmology	01-Oct-00	31-Mar-03	204	158	14
David R. Chmielinsky Professional Corporation	Ophthalmology	01-Oct-00	31-Mar-03	686	274	260
Limited Eye Centre - Edmonton, Inc.	Ophthalmology	01-Oct-00	31-Mar-03	748	286	290
Royce L.C. Johnson Professional Corporation	Ophthalmology	01-Oct-00	31-Mar-03	364	142	141
Surgical Centres Inc.	Ophthalmology	01-Oct-00	31-Mar-03	129	24	61
Darrell Andrew Paul Gotzes Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	238	92	61
E. Christopher Robinson Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	111	40	45
F. Wayne Tams Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	112	40	40
Kevin C. Long Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	255	103	99
Randall W. Kreutz Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03 31-Mar-03	90	19	19
Terence K. Varikka Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	63	29	23
Thomas R. Stevenson Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	131	46	32
Walter Dobrowolsky Professional Corporation	Oral Surgery	01-Nov-00	31-Mar-03	225	90	90
Plastic & Cosmetic Laser Surgical Centre	Plastic Surgery	01-Oct-00	31-Mar-03	628	236	277
Surgical Centres Inc.	Plastic Surgery	01-Oct-00	31-Mar-03	71	16	19
Bio-21 Limited - Morgentaler Clinic	Reproductive Health	01-Oct-00	31-Mar-03	2,818	1,110	1,112
				$ 6,399	$ 3,276	$ 3,075

(1) The terms of the contracts have been extended by means of contract extensions from October 1, 2000 and November 1, 2000 respectively, through to March 31, 2003.
Payments to these accredited surgical facilities are reported under facility-based emergency and outpatient services in the Consolidated Statement of Operations.

(2) Total contract value of $8,309,000 is for a three year period.

Note 27 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in the consolidated financial statements. During the year the Authority received $1,636,000 (2002 $ 12,739,000) and disbursed $2,450,000 (2002 $ 13,174,000) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $3,580,000 (2002 $4,394,000).

The Authority also receives funds in trust from Alberta Health and Wellness that are flowed through to other health regions or in trust for specified purposes. During the year the authority received and disbursed $326,000 in Remicade Drug funding for other health regions. These regions will be reporting both the revenues and related expenditures. There were no funds remaining at the end of 2002/03.

During the year the Authority received $1,433,000 for Provincial Laboratory Hepatitis C funding and $95,000 for Complex Pediatrics Therapeutics funding. The balance of funds held by the Authority for these projects at the end of 2002/03 was $543,000 and $19,000 respectively.

Note 28 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $25,104,000 for the year ended March 31, 2003 (2002 $22,598,000).

At December 31, 2002 the Local Authorities Pension Plan reported a deficit of $444,980,000 (2001 surplus of $634,960,000).

Note 29 Boundary Realignment and Transfer of Mental Health Services

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities would be reduced to nine, effective April 1, 2003.

The assets, liabilities and net assets of the Aspen, Lakeland and Westview Health Authorities will be assumed in part by the Aspen Health Authority, the Capital Health Authority and the East Central Health Authority at carrying value.

As of April 1, 2003, Capital Health Authority includes the cities of Edmonton, Fort Saskatchewan, Leduc, Spruce Grove and St. Albert, and the counties of Leduc, Parkland, Strathcona and Sturgeon and the communities in eastern part of Yellowhead county, the Town of Devon, the Hamlet of Evansburg and the Municipalities of Stony Plain and Spruce Grove.

The revised boundaries now include Acute Care facilities such as the Devon General Hospital, the Fort Saskatchewan Health Centre, the Redwater Health Centre and the Westview Health Centre. In addition, Community Clinics, Continuing Care facilities and Health Units have been transferred.

Note 29 Boundary Realignment and Transfer of Mental Health Services (continued)

In addition, on April 1, 2003 mental health services were also transferred to the region. The Alberta Hospital Edmonton as well as all mental health clinics and mental health programs within the newly expanded area served by the Authority were transferred to Region 6. On May 27, 2003, The Minister of Health and Wellness announced that Region 6 was named "Capital Health". Assets and liabilities of the realigned Regional Health Authorities and Mental Health Services will be assumed at carrying value.

Note 30 Comparative Figures

Consolidated Capital Health Authority

Deferred operating contributions of $2,130,000 have been reclassified to deferred capital.

Deferred capital contributions have been increased by the $2,130,000 above and reduced by $686,000 due Capital Care Group Inc. Charitable Trust contributions previously recorded as deferred capital contributions now being recorded as unrestricted net assets. Also, $2,799,000 previously recorded as unrestricted net assets relating to the Trusts has been reclassified as long-term deferred operating contributions. The Trust Deed establishes guidelines for administration of funds held as deferred contributions. Previously, the Capital Care Group Inc. recorded restricted operating contributions as unrestricted net assets. These corrections have been accounted for retroactively with the restatement of prior period amounts. The net change of $2,113,000 due to the correction in recording the Capital Care Group Inc. Charitable Trust contributions has been reflected as a net reduction in the beginning balance of net assets for the year ended March 31, 2002 from $99,623,000 to $97,510,000. To eliminate the deficit in Capital Care Group Inc. unrestricted net assets, $1,552,000 was transferred from internally restricted assets.

Also, the Authority has changed its accounting treatment of Northern Alberta Clinical Trial Centre revenues from externally restricted contributions to unrestricted contributions. An internal restriction has been placed on these funds for future clinical research, the operation of the Northern Alberta Clinical Trial Centre, and the establishment and operation of a clinical research centre. This change has been made retroactively and the year ended March 31, 2002 and opening net assets have been restated. Deferred operating contributions have been reduced by $1,927,000 and internally restricted assets have been increased by $1,927,000. Revenue from research, education, investment an other income was increased by $23,000.

The above changes have been reflected in the Statement of Cash Flows, Schedule 3 and in Notes 4, 8, 10, 14 and 21.

Note 30 Comparative Figures (continued)

The restatements on the Statement of Financial Position as at March 31, 2002 are summarized in the table below:

	Deferred capital contributions	Deferred operating contributions	Unrestricted net assets	Cash and temporary investments	Non-current cash and investments	Long-term deferred contributions	Internally Restricted Assets
	(in thousands of dollars)						
As previously reported on March 31, 2002	$ 176,217	$ 65,974	$ 2,431	$ 127,381	$ 137,231	$ -	$ 23,497
Restatement of deferred capital contributions	2,130	(2,130)		(2,130)	2,130		
Trust contributions recorded in previous years now transferred to unrestricted net assets	(686)		686	686	(686)		
Items previously classified as unrestricted net assets relating to the Capital Care Group Inc. charitable trusts			(2,799)	(2,799)	2,799	2,799	
Transfer from Capital Care Group Inc.'s internally restricted assets			1,332				(1,332)
Change in accounting treatment of Northern Alberta Clinical Trial Centre revenues from externally restricted contributions to unrestricted and to reflect internal restriction of funds		(1,927)					1,927
Restated as at March 31, 2002	$ 177,661	$ 61,917	$ 1,870	$ 123,138	$ 141,476	$ 2,799	$ 23,872

Certain March 31, 2002 figures on the Consolidated Statement of Operations have been restated to conform to the current year's presentation. The associated notes have also been restated.

Combined Consolidated Statements:

In addition to the above, the combined consolidated statements have been changed due to an accounting policy change by Caritas Health Group not to capitalize minor equipment (capital assets with a cost less than $5,000). The change affected the ending balances as of March 31, 2001. Capital assets were reduced by $5,116,000 and investment in capital assets was reduced by a similar amount.

Also, non-current cash of $1,806,000 has been classified separately from cash and temporary investments and the Statement of Cash Flow has been adjusted to reflect the change.

Certain March 31, 2002 figures on the Combined Consolidated Statement of Operations have been restated to conform to the current year's presentation.

Note 31 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 796,643	$ 797,463	$ 724,966
Contracts with health service operators (Note 24(c))	478,626	475,229	435,525
Contracts under the Health Care Protection Act (Note 26)	3,420	3,220	3,075
Drugs, gases, medical and surgical supplies	135,281	135,428	122,372
Medical, consulting and other professional services	104,653	104,702	101,301
Interest on long term debt	1,216	583	699
Other[1]	167,586	159,585	151,276
Amortization:			
Capital equipment - internally funded	11,500	17,973	17,269
Capital equipment - externally funded	18,390	22,228	22,834
Facilities and improvements	22,115	27,701	22,476
	1,739,430	1,744,112	1,601,793
Less amounts reported in ancillary operations (Note 20)	(29,520)	(30,091)	(29,103)
	$ 1,709,910	$ 1,714,021	$ 1,572,690

[1] Significant amounts under "Other" include:

	2003	2002
Office, general supplies and miscellaneous	$ 32,680	$ 25,685
Diagnostic & therapeutic supplies	20,742	18,422
Plant operations	20,151	20,183
Referred-out services	13,059	18,883
Equipment maintenance	12,213	10,560
Food supplies	11,869	10,861
Equipment (minor, construction, rental, and building ground maintenance)	12,405	11,873

Schedule 2

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003							2002			
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Subtotals	Severance: Number of Individuals	Severance: Amount	Total	Number of Individuals	Salaries, Benefits, Honoraria	Severance	Total
Board Compensation											
Compensation											
Walk-in fees, N.C.	1	$ 43		$ 43			$ 43	1	$ 43		$ 43
Board Members											
Members at March 31, 2003											
Becker, Brian	1	9		9			9	1	9		9
Bell, Brian	1	9		9			9	1	11		11
Blumenthal, Leonard	1	10		10			10	1	10		10
Burch, Bill	1	10		10			10	1	11		11
Butler, David	1	11		11			11	1	7		7
Crawford, Ian	1	9		9			9	1	9		9
Dicken, Joan	1	9		9			9	1	9		9
Kinnear, Wendy	1	10		10			10	1	7		7
McKay, Moira	1	10		10			10	1			
Pyne, Margaret	1	10		10			10	1	10		10
Swoboda, Karen M	1	11		11			11	1	10		10
Rainey, John	1	7		7			7	1	7		7
Thompson, Barbara	1	9		9			9	1	7		7
Waring, Molly	1	9		9			9	1	9		9
Prior Members											
Bollock, Peter								1	9		9
Hook, David								1	7		7
Hubley, Andrea								1	9		9
Kaminsky, Robert								1	9		9
Mungle, G.								1	7		7
Mulhall, Cindy								1	9		9
Mutch, Dan								1	7		7
Young, Doug								1	7		7
Total Remuneration	20	$ 226		$ 226			$ 226	20	$ 226		$ 226

Total travel expenses $ 2,000

Schedule 2 (continued)

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003							2002			
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Subtotals	Severance: Number of Individuals	Severance: Amount	Total	Number of Individuals	Salaries, Benefits, Honoraria	Severance	Total
Staff											
Chief Executive Officer	1.00	$ 410	$ 61	$ 471			$ 471	1.00	$ 472		$ 472
Management personnel reporting to the CEO											
Vice Presidents, Operating Officers and Other											
Chief Financial Officer	1.00	111	32	143			143	1.00	111		111
Chief Planning Officer	1.00	110	31	141			141	1.00	112		112
Senior Vice President	1.00	177	45	222			222	1.00	165		165
Finance & Administration	1.00	216	32	248			248	1.00	241		241
Human Resources	1.00	210	31	228			228	1.00	192		192
Public Affairs	1.00	166	23	189			189	1.00	190		190
Royal Columbian Hospital	1.00	195	29	227			227	1.00	223		223
Academic Affairs	1.00	242	31	273			273	0.25	44		44
University of Alberta Hospital	1.00	200	29	229			229	1.00	215		215
Community Hospitals	1.00	184	28	212			212	1.00	206		206
Government Relations	1.00	101	11	120			120	1.00	99		99
Chief Legal Officer	1.00	124	11	135			135	1.00	129		129

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE FOR THE YEAR ENDED MARCH 31, 2003

1. Full time equivalent (FTE) is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year of 2,023 hours, except for named individuals.

   Total actual discrete number of individuals employed were 20,488 (2002 19,893).

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances, and tuition.

4. Severance expenses include amounts paid in lieu of notice and certain other severance related costs. Numbers of staff reported under the severance category are the discrete numbers of people receiving severance.

5. The average salary and benefits amounts exclude severance payments.

Schedule 5

CAPITAL HEALTH AUTHORITY
CONSOLIDATED SUMMARY OF REVENUE AND EXPENSE
FOR THE THREE YEAR PERIOD
(thousands of dollars)

	Actual		
	2003	2002	2001
			(as restated)
Revenue			
Alberta Health and Wellness contributions	$ 1,454,096	$ 1,355,754	$ 1,178,289
Other government contributions	21,701	20,185	18,013
Fees and charges	115,762	100,210	91,246
Ancillary operations, net	4,851	3,441	3,581
Research, education, investment and other income	65,962	61,212	62,677
Amortization of external capital contributions	46,107	42,767	38,613
	$ 1,708,501	1,584,571	1,392,413
Expense			
Facility-based inpatient acute care services	$ 505,851	$ 453,794	$ 377,645
Facility-based emergency and outpatient services	171,062	157,674	133,172
Facility-based continuing care services	171,805	155,173	140,941
Community and home based services	108,210	99,064	89,193
Diagnostic and therapeutic services	327,600	296,054	281,614
Promotion, prevention and protection services	24,554	18,432	34,121
Research and education	64,355	65,761	67,190
Administration	41,797	40,795	38,356
Information technology and other services	35,183	38,293	34,706
Support services	237,386	223,675	213,249
Amortization of facilities and improvements	26,218	21,425	20,194
	$ 1,714,021	1,572,690	1,390,782
Excess of revenue over expense	$ (5,518)	$ 11,881	$ 1,631

Provincial amounts have not been included as there have been no program transfers or boundary changes from Alberta Health and Wellness affecting the Authority part way during the three year period.

Schedule 6

CAPITAL HEALTH AUTHORITY
COMBINED CONSOLIDATED SCHEDULE OF COSTS FOR ACUTE FOCUS
FOR YEAR ENDED MARCH 31, 2003

	2003			2002		
	Actual Measure	Average Cost	Total Cost	Actual Measure	Average Cost	Total Cost
			(thousands of dollars)			
Acute Care						
Inpatient						
	Cases			Cases		
[illegible]	[illegible]	[illegible]	$ 711,408	[illegible]	$ [illegible]	$ 677,690
	Days			Days		
[illegible]	[illegible]	[illegible]	**711,408**	[illegible]	[illegible]	**677,690**
Outpatient services						
	Visits			Visits		
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total outpatient services			$ 158,086			$ 132,980
Total inpatient and outpatient acute care expenses			$ 1,089,488			$ 1,010,270
Other acute care expenses (Non-Base)						
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]			[illegible]
[illegible]						
[illegible]			[illegible]			[illegible]
[illegible]			[illegible]			[illegible]
Total acute care expenses			$ 1,126,682			$ 1,062,294

Schedule 4 (continued)

CAPITAL HEALTH AUTHORITY

COMBINED CONSOLIDATED SCHEDULE OF COSTS OF HEALTH OUTPUTS

FOR YEAR ENDED MARCH 31, 2003

	2003			2002		
Program	Activity Measure	Average Cost	Total Cost	Activity Measure	Average Cost	Total Cost
Community Health and Continuing Care (Note b)(v)			(thousands of dollars)			(thousands of dollars)
Community Rehabilitation	Visits			Visits		
Physiotherapy	[illegible]	$ [illegible]	$ [illegible]	[illegible]	$ [illegible]	$ [illegible]
Speech and language pathology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Audiology	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other services (audio-daily living, neurokinesiologist, occupational and respiratory therapy)			[illegible]			[illegible]
Total Community Rehabilitation			$ 20,869			$ 19,974
	Hours			Hours		
Home care	[illegible]	$ [illegible]	$ 72,996	[illegible]	$ [illegible]	$ 71,286
Continuing Care Services	Client Days			Client Days		
Continuing care facilities	[illegible]	$ [illegible]	$ [illegible]	[illegible]	$ [illegible]	$ [illegible]
Day programs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Palliative care	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Personal care home assisted living	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Subsidy care	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total continuing care services	**2,092,340**	**$ 139**	**$ 284,726**	**1,899,426**	**$ 129**	**$ 244,642**
Prevention, protection, promotion and other community services	Visits			Visits		
Birth control	[illegible]	$ [illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]
Health risk traffic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Health screenings	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Immunizations	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Environmental health inspections	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sexually transmitted diseases services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Traveller's clinic	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other prevention, protection, promotion	Not available		[illegible]	Not available		[illegible]
Total prevention, protection, promotion services			**$ 49,869**			**$ 42,352**
Community diagnostic services (procedures)	[illegible]	$ [illegible]	[illegible]	[illegible]	$ [illegible]	[illegible]
Total community health and continuing care expenses			**$ 431,026**			**$ 424,380**

SUMMARY

Total acute care expenses			$ [illegible]			$ [illegible]
Total community health and continuing care expenses			[illegible]			[illegible]
Research and education			[illegible]			[illegible]
Amortization of facilities and equipment			[illegible]			[illegible]
Total expenses per Combined Consolidated Statement of Operations			**$ 1,720,733**			**$ 1,591,132**

Schedule 4 (continued)

CAPITAL HEALTH
NOTES TO THE COMBINED CONSOLIDATED SCHEDULE OF HEALTH OUTPUTS
MARCH 31, 2003

Note a) Introduction

The Capital Health Authority has prepared Schedule 4 "Combined Consolidated Schedule of Health Outputs" to classify the combined expenses of the Authority and the Caritas Health Group by program and calculate an output unit cost where the expenses can be allocated to patient-specific activities. The information in the schedule was generated by the Authority's costing system from its regional corporate database, in accordance with a methodology that meets the recommendations of Alberta Health & Wellness for patient specific costing. Direct and indirect costs of all clinical services, including staffing, supplies and drugs, are allocated to specific patients based on utilization.

Certain March 31, 2002 figures have been reclassified to conform to the March 31, 2003 presentation.

The Leduc, Sturgeon and Northeast ambulatory care activity and cost are included with all other Outpatient, Day Procedures and Clinic visits.

Community Speech Pathology and School Health Initiative are combined, as school-aged Speech Pathology services are included in both categories. Respiratory Therapy is included with other Community Rehab. Preventative Dental Services are included with Other Prevention, Protection, Promotion.

The disclosure of Alberta Department of Health and Wellness physician fees was not required by the Department for 2003. For comparison, it is also excluded for 2002.

The Authority plans to continue to expand the utilization of its costing system to be able to provide and allocate additional patient-specific costs in future years.

The information on costs of health outputs has been prepared as described in the following notes.

Note b) Basis of Presentation

(i) Patient Specific Acute Care Expenses

Inpatient Services comprise inpatient cases based on separations during the period (discharges and deaths).

Supplementary information is provided on the cost per day. Both costs and days are based on the full length of stay of patients who were discharged or died during the fiscal year.

Outpatient Services costs are measured by outpatient visits during the periods.

Note b) Basis of Presentation (continued)

(i) Patient Specific Acute Care Expenses (continued)

Outpatient visits comprise persons who receive one or more services at a healthcare facility without being admitted as an inpatient. The number of visits consists of the number of patients that registered for emergency, day surgery or clinic visits during the year. Clinic visits counts are based on the Alberta Health and Wellness ambulatory care visit definition.

- Emergency - patients registered as emergency cases.
- Day procedures - patients attending distinct day surgery and day procedure locations.
- Clinic visits - all other outpatient, clinic, diagnostic and therapeutic services visits.
- Home Peritoneal Dialysis Supplies reflect supplies consumed in the home and are not associated with specific inpatient or outpatient cases in the costing system.
- Pediatric Transport is the pre-hospitalization transport of children by ground or air utilizing a specialized team of respiratory therapy, nursing and medical staff.
- Telehealth - full costs are associated with comparative output measures on the number of clinical, educational, administrative and other participants at teleconference sessions.
- Average cost per case visit includes costs that are directly associated with the provision of the services such as staffing, supply and drug as well as indirect and overhead costs but not amortization of the cost of physical facilities.

(ii) Other Acute Care Expenses

Other acute care expenses also include the following instances where costs are not associated with an inpatient case or outpatient hospital visit, or where patient-specific costing has not been implemented. Where available, output measures have been provided for the most noteable of these services:

- Outpatient Drugs, includes high cost drugs consumed by patients, not associated with a specific inpatient or outpatient case (e.g. post-transplant, HIV), as well as other pharmacy expenses;
- Provincial Laboratory - services not associated with an inpatient or outpatient case such as environmental water testing;
- Other Costs include organ retrieval, neuromodulation supplies, external grants for brain injury services, and other non-allocated costs.

Note b) Basis of Presentation (continued)

(iii) Work in Progress

Work in Progress reflects the costs of services provided for patients not yet discharged. It includes inpatient case costs incurred in the prior year, to enable reconciliation to financial statements.

(iv) Community Health and Continuing Care - Activity Measures

Community Rehabilitation Visits reflect the number of contacts for physiotherapy, speech and language pathology, and audiology assessment or intervention funded by the Capital Health and Caritas Health Group's community rehabilitation programs.

Home Care Services Hours reflect the number of hours of home care service provided by home care agencies, the operators of residences, the Authority's professional staff, and home care service recipients themselves (i.e. self-managed care).

Continuing Care Client Days reflects the number of days of service for continuing care recipients. For continuing care clients in personal care homes and continuing care facilities, including sub-acute and palliative care, client days usually represent 24-hour periods. For day programs where clients attend for a number of hours in a day, one client day is counted for each day, regardless of the number of hours of care.

Prevention, Protection, Promotion and Other Related Services Visits reflects contacts for specific community health services. For Birth Control, this represents the number of clinic visits for birth control counselling. For Health Link, this represents the number of telephone calls for health advice. For Healthy Beginnings, this represents the number of visits, usually in the home, for parents and with newborn infants. For Immunization, this represents the number of vaccinations or inoculations provided. Environmental Health Inspections include visits to premises for licensing, inspection and response to complaints. STD Services Visits reflect contacts with the specialized sexually transmitted diseases health service. Traveller's Clinic Visits reflect contacts for advice and health services related to foreign travel.

Community Diagnostic Services Procedures reflect clinical laboratory tests not associated with hospital inpatient or outpatient visits (e.g. laboratory tests ordered by community physicians).

Aspen
#11

ASPEN REGIONAL HEALTH AUTHORITY #11

FINANCIAL STATEMENTS

MARCH 31, 2003

Statement of Management Responsibility

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

ASPEN REGIONAL HEALTH AUTHORITY #11

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, PricewaterhouseCoopers LLP, to discuss and review financial matters, and recommends the financial statements to the Aspen Regional Health Authority #11 Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, PricewaterhouseCoopers LLP, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Robert B. Cable
Chief Executive Officer

Shelly Pasch
Chief Financial Officer

PRICEWATERHOUSECOOPERS

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Facsimile: 1 (780) 441 6776

May 29, 2003

Auditors' Report

To the Members of
Aspen Regional Health Authority #11 and the Minister of Alberta Health

We have audited the statement of financial position of Aspen Regional Health Authority #11 ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF FINANCIAL POSITION
March 31, 2003
(thousands of dollars)

	2003 Actual	2002 Actual
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 10,598	$ 12,296
Accounts receivable	891	1,053
Contributions receivable	1,390	2,144
Inventories	516	579
Prepaid expenses	470	465
	13,865	16,537
Non-current cash and investments (Note 4)	10,452	10,176
Capital assets (Note 5)	54,172	55,686
TOTAL ASSETS	$ 78,489	$ 82,399
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 5,839	$ 4,840
Accrued vacation pay	3,758	3,605
Deferred contributions (Note 6)	3,035	4,650
	12,632	13,095
Deferred capital contributions (Note 7)	336	2,464
Unamortized external capital contributions (Note 8)	48,915	50,093
	61,883	65,652
Net assets		
Unrestricted	2,863	2,355
Internally restricted (Note 9)	8,486	8,799
Investment in capital assets	5,257	5,593
Operating net assets	16,606	16,747
TOTAL LIABILITIES AND NET ASSETS	$ 78,489	$ 82,399

The accompanying notes and schedules are part of these financial statements.

ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF OPERATIONS
March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 11)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 71,410	$ 71,410	$ 65,801
Other government contributions (Note 13)	1,651	2,946	1,639
Fees and charges (Note 14)	6,449	6,512	6,170
Ancillary operations, net (Note 15)	102	20	58
Donations	200	325	321
Investment and other income (Note 16)	2,176	2,188	2,624
Amortization of external capital contributions (Note 8)	2,587	3,053	2,750
TOTAL REVENUE	84,575	86,454	79,363
Expenses (Schedule 1)			
Facility-based inpatient acute care services	12,308	12,423	11,141
Facility-based emergency and outpatient services	5,755	5,444	5,240
Facility-based continuing care services	13,748	13,793	13,067
Community and home-based services	8,886	8,790	8,503
Diagnostic and therapeutic services	13,592	13,713	12,568
Promotion, prevention and protection services	4,586	4,475	3,790
Administration (Note 17)	4,108	3,943	4,217
Information technology	837	829	937
Support services (Note 18)	19,608	21,076	18,819
Amortization of facilities and improvements	3,835	2,026	1,945
TOTAL EXPENSES	85,263	86,512	80,227
Excess (deficiency) of revenue over expense	$ (688)	$ (58)	$ (864)

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ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2003
(thousands of dollars)

	2003				2002
	Operating				
	Unrestricted	Internally Restricted (Note 9)	Invested in Capital Assets	Total Operating	Total
Excess (deficiency) of revenue over expense	$ (58)	$ -	$ -	$ (58)	$ (864)
Capital assets purchased with internal funds	(704)	-	704	-	-
Amortization on internally funded capital assets	1,049	-	(1,049)	-	-
Boundary realignment	-	-	-	-	(6)
Capital assets purchased with donated funds	(83)	-	-	(83)	(65)
Net change	195	-	(336)	(141)	(935)
Transfer to unrestricted	313	(313)	-	-	-
Balance at beginning of year	2,355	8,769	5,693	16,747	17,682
Balance at end of year	$ 2,863	$ 8,456	$ 5,357	$ 16,606	$ 16,747

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ASPEN REGIONAL HEALTH AUTHORITY #11
STATEMENT OF CASH FLOWS
March 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenue over expenses	$ (688)	$ (58)	$ (864)
Non-cash transactions:			
Amortization:			
of capital equipment - internally funded	666	971	912
of capital equipment - externally funded	795	919	821
of facilities and improvements - internally funded	24	24	23
of facilities and improvements - externally funded	1,811	1,989	1,931
Amortization of external capital contributions (Note 8)	(2,606)	(3,065)	(2,759)
Loss (gain) on disposal:			
of capital equipment - internally funded	-	45	9
of capital equipment - externally funded	-	21	7
of facilities and improvements - externally funded	-	136	-
Loss (gain) on disposal of investments	-	209	(22)
Transferred to deferred contributions	-	(429)	-
Net boundary realignment	-	-	(27)
Changes in non-cash working capital account	(1,724)	511	2,383
Cash generated from (used by) operations	(1,722)	1,273	2,414
Investing activities:			
Purchase of investments	(14,000)	(12,092)	(18,106)
Purchase of capital assets:			
internally funded - equipment	(1,100)	(559)	(946)
internally funded - facility and improvements	-	(145)	(168)
externally funded - equipment (Note 8)	(600)	(435)	(1,682)
externally funded - facility and improvements (Note 8)	(1,761)	(1,452)	(1,527)
Proceeds on sale of investments	14,000	11,607	17,528
Cash used by investing activities	(3,461)	(3,076)	(4,901)
Financing activities:			
Capital contributions received	400	105	3,991
Cash generated from financing activities	400	105	3,991
Increase (decrease) in cash and temporary investments	(4,783)	(1,698)	1,504
Cash and temporary investments, beginning of year	11,885	12,296	10,792
Cash and temporary investments, end of year	$ 7,102	$ 10,598	$ 12,296

ASPEN REGIONAL HEALTH AUTHORITY #11
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003
(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Aspen Regional Health Authority #11 (the "Authority") was established June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Athabasca Healthcare Centre
Barrhead Healthcare Centre
Boyle Healthcare Centre
Mayerthorpe Healthcare Centre
Swan Hills Healthcare Centre
Redwater Healthcare Centre
Radway Continuing Care Centre
Westlock Healthcare Centre
Westlock Long Term Care Centre
Whitecourt Healthcare Centre
Aspen Health Services
RHA Central Administration

These financial statements do not include the assets, liabilities and operations of voluntary or private facilities providing health services in the region, except to the extent disclosed in Note 19.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

These financial statements were prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

(iii) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(iv) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension. This multi-employer defined benefit pension plan provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(d) Investments

Short-term investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there has been an other than temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying value of accounts and contributions receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is defined using moving average method.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	15-40 years
Land improvements	8-20 years
Building service equipment	10-20 years
Vehicles and equipment	3-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST-free list of the Alberta Government.

The Authority has recorded an accrued liability of $718 pertaining to anticipated retroactive settlement costs associated with outstanding union contract negotiations. Although this amount has been measured using management's best estimates, it is reasonably possible that it could change by a material amount in the near term, based on the ultimate resolution of these contract negotiations.

Note 3 Cash and Temporary Investments

	2003	2002
Cash	$ 10,553	$ 12,256
Treasury bills	45	40
	$ 10,598	$ 12,296

Treasury bills mature in May 2003. The effective yield on these securities based on the carrying value at March 31, 2003 is 2.96%.

Cash includes CCITF (Consolidated Cash Investment Trust Fund) funds of $1,581 (2002 - $4,502) to be used for capital upgrading projects.

Note 4 Non-Current Cash and Investments

	2003	2002
Equities	$ 3,621	$ 3,391
Fixed Income	6,831	6,785
	$ 10,452	$ 10,176

The quoted market value of non-current cash at March 31, 2003 was $10,530 (2002 - $10,607).

(a) To optimize returns at an acceptable level of risk, management has established a policy on asset mix such that no more than 40% of the portfolio will be in equities. Risk is reduced through diversification within and among asset classes, and quality constraints on fixed-income and equity instruments.

(b) Publicly traded Fixed-income instruments are managed to provide optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints by managing portfolio duration and issuer mix.

Fixed-income securities, such as bonds, have an average effective yield of 5.04% per annum based on the market for securities maturing between one and twenty-one years. As at March 31, 2003, the securities have the following term structure based on par:

	%
Under 1 year	8%
1 to 5 years	42%
5 to 10 years	20%
Over 10 years	30%

(c) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Note 4 Non-Current Cash and Investments (continued)

Non-current cash and investments represent the following:

	2003	2002
Internally restricted for capital acquisitions	$ 8,486	$ 8,799
Unrestricted for non-current investments	1,966	1,377
	$ 10,452	$ 10,176

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 2,018		$ 2,018	$ 2,003
Land improvements	2,969	1,718	1,251	732
Buildings	72,047	30,199	41,848	43,429
Building service equipment	3,472	1,770	1,702	1,486
Equipment	17,400	11,728	5,672	6,748
Construction in progress	1,681	-	1,681	1,288
	$ 99,587	$ 45,415	$ 54,172	$ 55,686

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions) (Note 8)	$ 48,915	$ 50,093
Internally funded (invested in capital assets)	5,257	5,593
	$ 54,172	$ 55,686

Note 6 Deferred contributions

	2003	2002
Amounts received from:		
Alberta Health and Wellness	$ 1,409	$ 1,580
Other government - Alberta Infrastructure	410	2,428
Fees and charges	68	59
Investments and other	4	17
Transferred from deferred capital contributions	429	-
	2,320	4,084
Amounts recognized as revenue:		
Alberta Health and Wellness (Note 12)	(1,428)	(192)
Other government (Note 13)	(2,043)	(723)
Fees and charges	(59)	(51)
Investment and other	(18)	(159)
Funds returned	(164)	(40)
Funds transferred to other health authorities	(118)	(558)
Transfer to deferred capital contributions	(105)	(416)
Change during the year	(1,615)	1,945
Balance, beginning of year	4,650	2,705
	$ 3,035	$ 4,650

Unspent amounts at the end of the year are restricted for the following purposes:

Current:	2003	2002
Alberta Health and Wellness		
Health Innovation Projects	$ 1,195	$ 1,547
Young Family Wellness	137	241
Specialist On Call	1	338
Security of Systems	168	-
IT Transition	293	-
Other Alberta Health and Wellness	17	91
Healthy Aging Partnership Initiative	-	208
Alberta Infrastructure - upgrade projects	1,155	2,150
Long-term care fees received in advance	68	59
Other projects	1	16
	$ 3,035	$ 4,650

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (iii).

	2003	2002
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 105	$ 823
Restricted other government contributions	-	2,919
Refund to Alberta Infrastructure	-	(67)
Restricted Hospitalta Funding Foundation	-	316
Donations restricted for capital purposes	83	65
	188	4,056
Transferred (to) from:		
Unamortized external capital contributions (Note 8)	(1,887)	(3,209)
Deferred contributions	(429)	-
Change during the year	(2,128)	847
Balance, beginning of year	2,464	1,617
Balance, end of year	$ 336	$ 2,464

Balance at the end of the year is restricted for the following purposes:

	2003	2002
Equipment replacement	-	247
Betterment of capital assets	336	2,217
	$ 336	$ 2,464

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2a (ii). The balance at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 50,093	$ 48,803
Transfers from (to) deferred capital contributions (Note7)	1,887	3,209
Net Boundary Transfers	-	840
Less amounts recognized as revenue:		
Amortization of External capital contributions	(3,053)	(2,750)
Amortization - Ancillary operations	(12)	(9)
Balance, end of year	$ 48,915	$ 50,093

Note 9 Internally restricted net assets

The Authority has internally restricted the following amounts for:

	2003	2002
Future capital expenditures	$ 8,486	$ 8,799

Note 10 Commitments and Contingencies

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability insurance coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

Note 11 Budget

	2002/03 Approved Budget[1]	Additional Funding [2]	Adjustments[3]	2002/03 Reported Budget
Revenue				
Alberta Health and Wellness contributions	$ 70,328	$ 1,082		$ 71,410
Other government contributions	1,651			1,651
Fees and charges	6,449			6,449
Ancillary operations, net	102			102
Donations	200			200
Investment and other income	2,176			2,176
Amortization of external capital contributions	2,587			2,587
TOTAL REVENUE	83,493	1,082	-	84,575
Expenses				
Facility-based inpatient acute care services	11,834	474		12,308
Facility-based emergency and outpatient services	6,049	(294)		5,755
Facility-based continuing care services	14,094		(346)	13,748
Community and home-based services	8,921		(35)	8,886
Diagnostic and therapeutic services	13,374	218		13,592
Promotion, prevention and protection services	4,191	395		4,586
Administration	4,189		(81)	4,108
Information technology	584	253		837
Support services	19,110	36	462	19,608
Amortization of facilities and improvements	1,835			1,835
TOTAL EXPENSES	84,181	1,082	-	85,263
Excess (deficiency) of revenue over expense	$ (688)	$ -	$ -	$ (688)

(1) The budget was approved by the Board of the Authority on April 25, 2002, and approved by the Minister of Health and Wellness.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations.

(3) The budget was adjusted for reallocations between expense categories related to updated information from private contractors.

Note 12 Alberta Health and Wellness Contributions

	2003	2002
Unrestricted contributions	$ 69,670	$ 65,297
Transfers from deferred contributions (Note 6)	1,428	192
Restricted contributions directly from Alberta Health and Wellness to contract operators	312	312
	$ 71,410	$ 65,801

Note 13 Other Government Contributions

	2003	2002
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 192	$ 194
Restricted transfers from deferred contributions (Note 6)	2,043	723
Funding for special programs provided by: Alberta Mental Health Board	711	722
	$ 2,946	$ 1,639

Note 14 Fees and charges

Acute Care		
Non-entitled revenue - inpatients	$ 20	$ 66
Non-entitled revenue - outpatients	20	33
Preferred accomodation	190	190
Other	33	31
Continuing Care		
Accomodation charges	130	109
Preferred accomodation	5,071	4,617
Home care fees	29	21
Federal government	45	41
Other provincial government	270	324
Workers Compensation Board (WCB)	704	738
	$ 6,512	$ 6,170

Note 15 Ancillary Operations

	2003			2002
	Non-Patient Food Services Operations	Rental Operations	Total	Total
Revenue				
Revenue	$ 413	$ 79	$ 492	$ 518
Amortization of deferred capital contributions	12	-	12	9
	425	79	504	527
Expenses				
Other expenses	436	36	472	456
Amortization	12	-	12	13
	448	36	484	469
Excess (deficiency) of revenue over direct expenses 2002/03	$ (23)	$ 43	$ 20	$ 58

Note 16 Investment and other income

	2003	2002
Investment income	$ 539	$ 896
Other income	1,649	1,728
	$ 2,188	$ 2,624

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains (losses) on disposal of investments.

Other income comprises recoveries from sources external to the Health Authority for salary and supplies, WCB compensation, food licensing permits, vaccines, laundry services and other miscellaneous revenues.

Note 17 Administration

	2003	2002
General Administration	$ 1,925	$ 2,163
Finance	673	664
Personnel	709	828
Administration - contract operators (Note 19 (c))	636	562
	$ 3,943	$ 4,217

Note 18 Support services

	2003	2002
Building maintenance, operations and security	$ 7,613	$ 5,645
Education	383	445
Housekeeping	1,957	1,873
Laundry and Linen	959	924
Materials management	975	990
Patient food services	3,594	3,511
Patient health records	1,118	992
Patient registration	767	738
Patient transportation	1,586	1,566
Support services - contract operators (Note 19 (c))	2,124	2,135
	$ 21,076	$ 18,819

Note 19 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its on-going operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 6, 7, 11 and 12 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the Statement of Operations and disclosed in notes 6, 8, and 21 to the financial statements.

(c) Private Health Service Operators

The Authority contracts with private health service operators to provide health services in the Region. Details are as follows:

	Direct Authority Funding	Approved Patient Fees and Charges	Full Cost Adjustments	2003 Total	2002 Total
Extendicare Athabasca	$ 1,720	$ 562	$ 157	$ 2,439	$ 2,329
Extendicare Mayerthorpe	1,778	554	155	2,487	2,447
Guardian Foundation	1,100	574		1,674	1,589
	$ 4,598	$ 1,690	$ 312	$ 6,600	$ 6,365

Reported in the following expense categories:

	2003	2002
Facility-based continuing care services	$ 3,404	$ 3,263
Diagnostic and therapeutic services	436	405
Support services	2,124	2,135
Administration	636	562
	$ 6,600	$ 6,365

Note 20 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $1,753 for the year ended March 31, 2003 (2002 $1,614).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficiency of $444,980 (2001 surplus of $634,960).

Note 21 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

The assets, liabilities, and net assets of the Keewetinok Lakes Regional Health Authority #15 will be assumed in part by the Aspen Regional Health Authority #11 and the Mistahia Regional Health Authority at carrying value.

The assets, liabilities, and net assets of the Lakeland Regional Health Authority will be assumed in part by the Aspen Regional Health Authority #11, East Central Regional Health Authority 7 and the Capital Health Authority at carrying value.

The assets, liabilities, and net assets of the Westview Regional Health Authority #9 will be assumed in part by the Aspen Regional Health Authority #11 and the Capital Health Authority at carrying value.

The portion of assets, liabilities, and net assets of the Aspen Regional Health Authority #11 related to the County of Sturgeon will be assumed by the Capital Health Authority at carrying value.

Note 22 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF EXPENSES BY OBJECT
FOR YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	Budget	2003	2002
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	54,848	53,501	50,195
Contracts with health service operators (Note 19(c))	6,521	6,600	6,365
Drugs, gases, medical and surgical supplies	2,738	2,669	2,604
Other contracted services	3,871	4,310	3,535
Other *	14,404	15,841	14,348
Amortization:			
Capital equipment - internally funded	666	971	912
Capital equipment - externally funded	842	919	821
Facilities and improvements - internally funded	24	24	23
Facilities and improvements - externally funded	1,820	1,989	1,931
Net (gain) loss on disposal		172	(38)
	85,734	86,996	80,696
Less amounts reported in ancillary operations (Note 15)	(471)	(484)	(469)
	$ 85,263	$ 86,512	$ 80,227

*Other: Specify significant amounts below:
1. Utilities - $2,819 (2002- $2,026)
2. Renovations - $2,177 (2002 - $1,010)
3. Patient transport - $1,564 (2002 - $1,536)
4. Other fees - $1,437 (2002 - $1,429)
5. Food - $1,192 (2002 - $1,202)

ASPEN REGIONAL HEALTH AUTHORITY #11
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003						2002				
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Severance Number of Individuals	Severance Amount	Total	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits[3]	Severance	Total
Authority Board Compensation												
RHA Chairperson - Robert Jackson	21			21			21	26				26
Gary Pollock	6			6			6	6				6
Judy Kidd	6			6			6	10				10
Ted Cole	1			1			1	6				6
Marianne Rasolie	1			1			1	4				4
Jack Dennett	4			4			4	4				4
Debbie Hartman	1			1			1	4				4
Ernie Haian	1			1			1	4				4
Jerry Kaup	1			1			1	4				4
Ellen McGuldery	2			2			2	4				4
Dale Johnson	1			1			1	4				4
Robert Lee	4			4			4	4				4
Total honoraria	1			1			1	4				4
Staff												
Chief Executive Officer	1	161	27	188			188	1	168			168
Management personnel reporting to the CEO:												
Area Program Managers	5	462	81	543			543	5	519			519
Chief Financial Officer	1	96	16	112			112	1	99			99
Other management personnel reporting above	2	1,595	284	1,879			1,879	2	1,813			1,813
(avg. 2003 $84,713; avg. 2002 $83,315)												
Other management	13	812	142	954			954	13	923		120	923
(avg. 2003 $72,619; avg. 2002 $67,587)												
Regulated nurses not included above	321.4	18,301	1,287	21,588		14	21,602	328.4	20,585			20,585
(avg. 2003 $67,175; avg. 2002 $62,676)												
Other health technical and professionals	146.8	9,685	1,530	10,215			10,215	137.6	8,742			8,742
(avg. 2003 $69,588; avg. 2002 $63,515)												
Unregulated health service providers	177.2	4,933	894	5,827			5,827	175.8	5,468			5,468
(avg. 2003 $32,881; avg. 2002 $31,100)												
Other staff	315.2	10,273	1,811	12,084	0.1	1	12,085	340.1	11,787			11,787
(avg. 2003 $36,014; avg. 2002 $34,551)												
Corp. salaries above excluding severance												
Total	1,027.6	45,178	8,372	53,550	0.1	15	53,565	1,022.2	50,105		120	50,195

Schedule 2 (continued)

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE FOR THE YEAR ENDED MARCH 31, 2003

1. The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year. The standard year is 2,022.75 hours for all employees except those who are part of the United Nurses of Alberta employment contract where a year is based on 1,921 hours and employees of Aspen Health Services where a year is based on 1,827 hours.

   Total actual discrete number of individuals employed: 1,626 (2002 1,552).

2. Salaries include regular base pay, overtime, lumpsum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of employee benefits and contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance and workers compensation.

4. The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes:

   All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits.

6. The total amount is reported in Schedule 1.

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Lakeland
#12

Lakeland Regional Health Authority

Financial Statements

Year Ended March 31, 2003

LAKELAND REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets (Deficit)

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF MANAGEMENT RESPONSIBILITY
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Aspen Regional Health Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgement.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Aspen Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allows them to report on the fairness of the financial statements prepared by management.

Robert B. Cable
Chief Executive Officer, Aspen Regional Health Authority

Shelly Pusch
Vice President, Corporate Services, Aspen Regional Health Authority

Celine Campton
Finance Officer, Aspen Regional Health Authority

AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of Aspen Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Lakeland Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets (deficit), and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 30, 2003

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2003
(thousands of dollars)

	2003 Actual	2002 Actual
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 3,635	$ 6,681
Accounts receivable	1,509	1,338
Contributions receivable	1,686	1,142
Inventories	710	772
Prepaid expenses	183	582
	7,723	10,515
Non-current cash and investments (Note 4)	359	5,188
Capital assets (Note 5)	56,377	62,174
	56,736	67,362
TOTAL ASSETS	$ 64,459	$ 77,877
LIABILITIES AND NET ASSETS (DEFICIT)		
Current:		
Accounts payable and accrued liabilities	$ 7,321	$ 7,301
Accrued vacation pay	3,994	4,159
Deferred contributions (Note 6)	2,218	2,194
Current portion of long-term debt (Note 8)	-	36
	13,533	13,690
Deferred capital contributions (Note 7)	359	964
Unamortized external capital contributions (Note 9)	51,490	56,009
	51,849	56,973
Net Assets (Deficit):		
Unrestricted	(5,810)	1,085
Investment in capital assets	4,887	6,129
	(923)	7,214
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 64,459	$ 77,877

Commitments (Note 10)
Contingency (Note 22)
Subsequent event (Note 24)

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Budget (Note 11)	2003 Actual	2002 Actual
Revenues:			
Alberta Health and Wellness contributions (Note 12)	$ 111,749	$ 111,323	$ 107,193
Other government contributions (Note 13)	2,960	3,395	3,071
Fees and charges (Note 14)	11,510	11,653	10,782
Ancillary operations, net (Note 15)	-	4	8
Donations	550	268	252
Investment and other income (Note 16)	2,947	3,037	2,912
Amortization of external capital contributions (Note 9)	4,150	5,320	3,763
Total Revenues	133,866	135,000	127,981
Expenses (Schedule 1):			
Facility based inpatient acute services	21,804	22,062	20,844
Facility based emergency and outpatient services	8,786	9,044	8,405
Facility based continuing care services	23,258	23,327	21,593
Community and home based services	11,888	12,106	10,934
Diagnostic and therapeutic services	24,205	24,653	23,077
Promotion, prevention and protection services	6,955	6,856	6,841
Administration (Note 17)	5,988	6,188	6,017
Information technology	2,138	1,414	1,424
Support services (Note 18)	31,049	31,768	29,773
Amortization of facilities and improvements	3,252	3,688	2,855
Write down of capital assets (Note 5)	-	2,031	-
Total Expenses	139,323	143,137	131,763
Deficiency of revenues over expenses	$ (5,457)	$ (8,137)	$ (3,782)

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003			2002
	Unrestricted	Investment in Capital Assets	Total	Total
Deficiency of revenues over expenses	$ (8,137)	$ -	$(8,137)	$(3,782)
Capital assets purchased with internal funds	(594)	594	-	-
Amortization of internally funded capital assets	810	(810)	-	-
Write down of internally funded capital assets	1,047	(1,047)	-	-
Disposal of internally funded capital assets	15	(15)	-	-
Repayment of long-term debt used to fund capital assets	(36)	36	-	-
Net change	(6,895)	(1,242)	(8,137)	(3,782)
Balance at beginning of year	1,085	6,129	7,214	10,996
Balance at end of year	$ (5,810)	$ 4,887	$ (923)	$ 7,214

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenues over expenses	$ (5,457)	$ (8,137)	$ (3,782)
Non-cash transactions:			
Amortization of capital assets - internally funded equipment	860	810	899
Amortization of capital assets - externally funded equipment	898	952	885
Amortization of capital assets - externally funded facilities & improvements	3,252	2,669	2,855
Amortization of external capital contributions (Note 9)	(4,150)	(5,320)	(3,763)
Loss (gain) on disposal of capital assets - externally funded	-	662	(15)
Loss on disposal of capital assets - internally funded	-	1	-
Write down of capital assets	-	2,031	-
Write down of investments	-	356	-
	(4,597)	(5,976)	(2,921)
Change in non-cash working capital accounts (Note 19)	(1,200)	(375)	922
Cash used by operating activities	(5,797)	(6,351)	(1,999)
Investing activities:			
Purchase of capital assets:			
Internally funded equipment	(500)	(594)	(626)
Externally funded buildings (Note 7)	(400)	(224)	(1,723)
Externally funded equipment (Note 7)	(1,800)	(577)	(1,855)
Allocations from non-current cash and investments, net of temporary investments	2,076	1,509	664
Capital assets transferred (Note 24)	-	-	369
Proceeds on sale of capital assets	-	67	79
Cash generated from (used by) investing activities	(624)	181	(3,092)
Financing activities:			
Capital contributions received (Note 7)	2,200	196	2,774
Capital assets transferred (Note 24)	-	-	(369)
Principal payments on long-term debt	(36)	(36)	(49)
Cash generated from financing activities	2,164	160	2,356
Decrease in cash	(4,257)	(6,010)	(2,735)
Cash, beginning of year	6,681	6,681	9,416
Cash, end of year	$ 2,424	$ 671	$ 6,681

The accompanying notes and schedules are part of these financial statements.

LAKELAND REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Note 1 Authority, Purpose and Operations

Lakeland Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity under the Income Tax Act and is exempt from payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental wellbeing.

The operations of the Authority include the following facilities and sites:

Hospital Services
Acute care services are provided at the following facilities:

- Cold Lake Health Centre
- Elk Point Health Centre
- Fort Saskatchewan Health Centre
- George McDougall Health Centre (Smoky Lake)
- St. Therese Health Centre (St. Paul)
- Two Hills Health Centre
- William J. Cadzow Health Centre (Lac La Biche)
- Other voluntary facilities providing acute care services

Community Health Services
Community health services are provided through the community health component of the facilities listed above and at the following dedicated community health centres:

- Myrnam Community Clinic
- Glendon Community Clinic
- Willingdon Community Clinic
- Our Lady's Community Clinic (Vilna)
- Other voluntary facilities providing community health services

Note 1 Authority, Purpose and Operations (continued)

Continuing Care (Long-Term Care)
Continuing care services are provided at the following facilities: Elk Point Health Centre, George McDougall Health Centre, Cold Lake Health Centre, St. Therese Health Centre, Two Hills Health Centre, William J. Cadzow Health Centre and at the following dedicated continuing care centres:

- Mannville Health Centre
- Vegreville Long-Term Care Centre
- Other voluntary and private continuing care centres

Public Health
Public Health services are provided at the following health units:

- Andrew Health Unit (branch office)
- Bonnyville Health Unit
- Elizabeth Metis Settlement Health Unit (branch office)
- Elk Point Health Unit
- Fishing Lake Metis Settlement Health Unit (branch office)
- Fort Saskatchewan Health Unit
- Glendon Health Unit (branch office)
- Grand Centre Health Unit
- Lac La Biche Health Unit
- Lamont Health Unit
- Smoky Lake Health Unit
- St. Paul Health Unit
- Two Hills Health Unit
- Vegreville Health Unit
- Vilna Health Unit (branch office)
- Buffalo Lake Metis Settlement Health Unit (branch office)
- Kikino Metis Settlement Health Unit (branch office
- Mannville Health Unit
- Other community organizations

These financial statements do not include the assets, liabilities, and operations of voluntary or private facilities providing health care services in the region. Information on these facilities is disclosed in Note 20(c).

Note 2 Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

i. Unrestricted operating grants and other contributions are recognized as revenue in the year they become receivable.

ii. Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

iii. Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

iv. Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

v. Unrestricted investment income is recognized in the year earned.

vi. Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

vii. Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Authority accounts for all costs and revenues related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

i. Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

ii. Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health programs.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full Cost (continued)

iii. The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations, and also recorded as program expense, since contract payments from the Authority do not include an amount for the use of these facilities.

iv. The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

v. Other assets, supplies and service that would otherwise have been purchased are recorded as revenues and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expense in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plan's deficit or surplus.

(d) Investments

Short-term investments are recorded at lower of cost and market.

Non-current investments are recorded at cost unless there has been a reduction in value that is other than temporary. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the period of maturity. The cost of disposal is determined on the average cost basis. Gains or losses on disposal are recognized in the period of disposal.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(e) Financial Instruments

The carrying values of cash, accounts receivable, contributions receivable, accounts payable, accrued liabilities and accrued vacation pay approximates their fair values because of the short-term maturity of these items.

The carrying values of temporary investments approximates their fair values

(f) Inventories

Inventories are valued at the lower of cost (defined as moving average) and replacement cost.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets costing less than $5 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Land improvements	10-20 years
Buildings	20-40 years
Building service systems	10-20 years
Furniture and equipment	5-20 years
Equipment under capital leases	5 years
Vehicles	5 years
Leasehold improvements	lease term plus one renewal period

Construction projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If the actual costs are not known at the time of the decision, then an estimate is recorded.

(i) Trust Funds Received by the Authority for Non-owned Facilities

The Authority receives trust funds from Alberta Infrastructure that are to be paid to operators of non-owned facilities for capital purposes or facility repairs. These amounts are not reflected in these financial statements but are disclosed in Note 23.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(j) Measurement Uncertainty

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 3 Cash and temporary investments

	2003	2002
Cash and investments	$ 3,994	$ 11,869
Less non-current cash and investments (Note 4)	(359)	(5,188)
Current cash and temporary investments	$ 3,635	$ 6,681

Cash and temporary investments is comprised of:

Cash	$ 671	$ 6,681
Bonds	1,312	-
Equities	488	-
Guaranteed investment certificates	1,164	-
	$ 3,635	$ 6,681

i. Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

Note 3 Cash and temporary investments (continued)

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 60% to 100% of fixed-income instruments and 0% to 40% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

ii. Publicly traded fixed-income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

Fixed-income securities, such as bonds and guaranteed investment certificates, have an average effective yield of 5.91% per annum based on the market for securities maturing between 1 and 3 years. As at March 31, 2003, the securities have a 1 to 3 year term structure.

iii. Equities are comprised of publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Note 4 Non-Current Cash and Investments

	2003	2002
Cash	$ 359	$ 964
Money market securities	-	29
Bonds	-	1,269
Equities	-	801
Guaranteed investment certificates	-	2,125
Non-current cash and investments	$ 359	$ 5,188

Non-current cash and investments represent the following:

	2003	2002
Externally restricted for capital acquisitions	$ 359	$ 964
Unrestricted for non-current investments	-	4,224
Non-current cash and investments	$ 359	$ 5,188

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 594	$ -	$ 594	$ 596
Land improvements	1,819	1,153	666	663
Buildings	96,704	50,115	46,589	47,505
Building service systems	9,502	8,325	1,177	1,243
Furniture and equipment	23,947	18,243	5,704	7,339
Equipment under capital leases	224	197	27	56
Vehicles	1,000	746	254	220
Leasehold improvements	1,312	142	1,170	346
Construction in progress	196	-	196	4,206
	$ 135,298	$ 78,921	$ 56,377	$ 62,174

Subsequent to March 31, 2003 the Authority has been disestablished (see Note 24). Accordingly, the Authority has recorded a write-down of $ 2,031 to reduce the capital asset carrying values to reflect those assets determined to be redundant upon transfer.

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions) (Note 9)	$ 51,490	$ 56,009
Long-term debt	-	36
Internally funded (invested in capital assets)	4,887	6,129
	$ 56,377	$ 62,174

Note 6 Deferred Contributions

	2003	2002
Amounts received:		
Alberta Health and Wellness - ICD 10	$ -	$ 104
Alberta Health and Wellness -Young Family Planning	321	335
Alberta Health and Wellness -Specialist on Call	1,053	-
Alberta Health and Wellness -Health Innovation Fund	-	283
Other government contributions - Alberta Infrastructure	862	1,261
Other government contributions - Other	44	9
Donations	177	153
Investment income and other income	11	30
	2,468	2,175
Amounts refunded to source and adjusted by boundary changes	(24)	(114)
Amounts transferred (to) from deferred capital contributions (Note 7)	(81)	117
	(105)	3
Amounts recognized as revenue:		
Alberta Health and Wellness contributions -ICD 10 (Note 12)	(17)	(87)
Alberta Health and Wellness -Young Family Planning (Note 12)	(141)	-
Alberta Health and Wellness -Specialist on Call (Note 12)	(768)	-
Alberta Health and Wellness -Health Innovation Fund (Note 12)	(275)	(427)
Alberta Health and Wellness -Archival Blood Review (Note 12)	(46)	-
Alberta Health and Wellness -Information System Upgrades (Note 12)	-	(5)
Alberta Health and Wellness -Healthy Aging (Note 12)	-	(18)
Other Government Contributions - Alberta Infrastructure (Note 13)	(900)	(660)
Other Government Contributions -Other (Note 13)	(37)	(44)
Donations	(149)	(125)
Investment and other revenue	(6)	-
	(2,339)	(1,366)
Change during the year	24	812
Balance, beginning of year	2,194	1,382
	$ 2,218	$ 2,194
Unspent amounts at year end are restricted for the following purposes:		
Alberta Health and Wellness - ICD 10	$ -	$ 17
Alberta Health and Wellness - Young Family Planning	516	335
Alberta Health and Wellness -Specialist on Call	285	-
Alberta Health and Wellness -Health Innovation Fund	102	377
Alberta Health and Wellness -Archival Blood Review	-	70
Alberta Health and Wellness -Information System Upgrades	615	634
Alberta Infrastructure - Upgrades	650	689
Other	50	72
	$ 2,218	$ 2,194

Note 7 Deferred Capital Contributions

	2003	2002
Amounts received:		
Alberta Health and Wellness contributions - Capital equipment	$ -	$ 1,302
Other government contributions	58	1,418
Telehealth	-	55
Donations	57	134
Investments and other revenue	-	(18)
Transferred from (to) deferred contributions (Note 6)	81	(117)
Capital contributions received	196	2,774
Transferred to:		
Unamortized external capital contributions - Other (Note 9)	(801)	(3,578)
Change during the year	(605)	(804)
Balance, beginning of year	964	1,768
	$ 359	$ 964
Balance at year end is restricted for the following purposes:		
Alberta Health and Wellness - Federal funds capital equipment	$ -	$ 413
Alberta Health and Wellness - Lottery capital equipment	-	36
Alberta Infrastructure -Capital Upgrades	347	489
Other	12	26
	$ 359	$ 964

Note 8 Current portion of Long-Term Debt

	2003	2002
Current portion of obligations under capital leases	$ -	$ 36

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 (a)(iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 56,009	$ 56,563
Transfers from (to) deferred capital contributions (Note 7)	801	3,578
	56,810	60,141
Less amounts transferred in boundary changes (Note 24)	-	(369)
Less amounts recognized as revenue		
Disposal of externally funded equipment	(715)	(23)
Amortization of External capital contributions	(4,604)	(3,737)
Amortization -Ancillary operations	(1)	(3)
Balance, end of year	$ 51,490	$ 56,009

Note 10 Commitments

The Authority is committed to several operating lease contracts. Future minimum lease payments are as follows:

2004	$ 982
2005	981
2006	799
2007	395
2008	398
2009 and thereafter	1,020

In addition, the Authority contracts on an ongoing basis with voluntary, private and community health operators to provide acute, continuing care and other health services in the Region (Note 20(c)). The Authority has contracted for services in the year ended March 31, 2003 similar to those provided by these operators in 2002.

Note 11 Budget

	Approved Budget (1)	Additional Funding(2)	Adjustments (3)	Reported Budget (4)
Revenues:				
Alberta Health and Wellness contributions	$110,185	$ 1,564	$ -	$111,749
Other government contributions	2,960	-	-	2,960
Fees and charges	11,510	-	-	11,510
Donations	550	-	-	550
Investment and other income	1,649	-	1,298	2,947
Amortization of external capital contributions	4,150	-	-	4,150
	131,004	1,564	1,298	133,866
Expenses:				
Facility based inpatient acute services	21,810	-	(6)	21,804
Facility based emergency and outpatient services	8,786	-	-	8,786
Facility based continuing care services	27,379	-	(4,121)	23,258
Community and home based services	11,415	-	473	11,888
Diagnositic and therapeutic services	22,830	-	1,375	24,205
Promotion, prevention and protection services	6,956	-	(1)	6,955
Education	500	-	(500)	-
Administration	5,540	-	448	5,988
Information technology	2,138	-	-	2,138
Support services	27,419	-	3,630	31,049
Amortization of facilities and improvements	3,252	-	-	3,252
	138,025	-	1,298	139,323
Excess (deficiency) of revenues over expenses	$ (7,021)	$ 1,564	$ -	$ (5,457)

1) The Budget was approved by the Board of the Authority on July 29, 2002.

2) Over the course of the fiscal year, the Minister of Health and Wellness provided additional funding.

3) Adjustments arising from Board re-allocations for the recognition of deferred revenues and redistribution of funds between programs to match reallocations.

4) The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $ 8,137 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (see Note 24)

Note 12 Alberta Health and Wellness Contributions

	2003	2002
Unrestricted contributions	$107,963	$103,728
Transferred from deferred contributions (Note 6)	1,247	537
Other restricted contributions	1,523	2,337
Restricted contributions made directly by Alberta Health and Wellness to contracted health service operators (Note 20)	590	591
	$111,323	$107,193

Note 13 Other Government Contributions

	2003	2002
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 439	$ 429
Fair value for use of non-owned acute care facilities	1,234	1,234
Transferred from deferred contributions (Note 6):		
Alberta Infrastructure	900	660
Other	37	44
Other government contributions	785	704
	$ 3,395	$ 3,071

Note 14 Fees and Charges

	2003	2002
Acute Care		
Non-entitled revenue - inpatients	$ 735	$ 648
Non-entitled revenue - outpatients	709	700
Preferred accomodations	28	32
	1,472	1,380
Continuing Care		
Accomodation charges	3,998	3,599
Other	191	-
	4,189	3,599
Federal government	264	211
Workers Compensation Board (WCB)	500	509
Fair value adjustments (Note 2b(1))	5,228	5,083
	$ 11,653	$ 10,782

Note 15 Ancillary Operations

	2003			2002
	Non-patient Food Service Operations	Rental Operations	Total	Total
Revenues	$ 448	$ 71	$ 519	$ 458
Expenses:				
Other expenses	448	66	514	447
Amortization	-	1	1	3
	448	67	515	450
Excess of revenues over expenses 2002-2003	$ -	$ 4	$ 4	$ 8
Excess of revenues over expenses 2001-2002	$ -	$ 8	$ 8	$ 8

Note 16 Investment and Other Income

	2003	2002
Investment income	$ 354	$ 583
Other income	2,683	2,329
	$ 3,037	$ 2,912

Investment income comprises interest, dividends, amortization of discount and premiums and net gains on disposal of investments.

Other income comprises of external recoveries for supply and salary costs and other miscellaneous revenues.

Note 17 Administration

	2003	2002
General administration	$ 2,588	$ 2,768
Finance	854	636
Personnel	1,377	1,281
Administration - contract operators (Note 20(c))	1,369	1,332
	$ 6,188	$ 6,017

Note 18 Support Services

	2003	2002
Building maintenance, operations and security*	$ 6,443	$ 5,381
Communications	771	768
Education	388	461
Housekeeping	2,437	2,245
Laundry and linen	1,053	1,025
Materials management and central sterilizing	1,145	1,148
Patient food services	3,813	3,537
Patient health records	1,659	1,499
Patient registration	1,383	1,281
Patient transportation	2,209	2,183
Support services - contract operators (Note 20(c))	10,467	10,245
	$ 31,768	$ 29,773

*Building maintenance, operations and security is inclusive of utility costs and rebates.

Note 19 Change in Non-Cash Working Capital Accounts

	2003	2002
Accounts receivable	$ (171)	$ (448)
Contributions receivable	(544)	303
Inventories	62	81
Prepaid expenses	399	(250)
Accounts payable	20	(36)
Accrued vacation pay	(165)	460
Deferred contributions	24	812
	$ (375)	$ 922

Note 20 Related Parties

(a) Province of Alberta

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in Notes 6, 7, 12 and 13 to the financial statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the Statement of Operations and disclosed in Note 24 to the financial statements.

(c) Voluntary and Private Health Service Operators

The Authority has an economic interest in the following voluntary and private health providers as it transfers significant resources to these entities. The Authority contracts with voluntary and private health service operators to provide health services in the Region. The health service operators and the amount of contracted health services for the year are as follows:

Note 20 Related Parties (continued)

(c) Voluntary and Private Health Service Operators (continued)

	Operating Fund				2003	2002
	Direct Funding by the Authority	Approved Patient Resident Fees and Charges	Direct Funding by Alberta Health	Full Cost Adjustments	Total	Total
Voluntary facilities						
Bonnyville Health Care Centre	$ 7,167	$ 714	$ —	$ 531	$ 8,412	$ 7,914
Lamont Health Care Centre	7,323	1,292		518	9,133	8,477
Mary Immaculate Hospital - Mundare	1,563	362			1,925	1,784
St Joseph Hospital - Vegreville	6,688	179		185	7,051	6,275
Private facilities						
Bonnyville Extendicare	1,451	968	171		2,590	2,129
Riverstone Care Centre - Fort Saskatchewan	3,090	946	251		4,287	4,096
St Paul Extendicare	2,964	847	168		3,979	3,700
Heritage House - Vegreville	673	422			1,095	1,668
	$ 30,919	$ 5,329	$ 590	$ 1,234	$ 38,072	$ 36,038
Reported in the following expense categories						
Facility based inpatient acute services					$ 6,187	$ 5,622
Facility based emergency and outpatient services					2,568	2,865
Facility based continuing care services					11,496	10,519
Community and home based services					963	837
Diagnostic and therapeutic services					4,994	4,765
Administration					1,369	1,332
Information technology and medical net					28	33
Support services					10,867	10,245
					$ 38,072	$ 36,038

(d) Foundations

The Authority significantly influences the St Paul & District Hospital Foundation and the Lakeland Regional Health Authority Foundation by virtue of representation on the Board of Directors. These Foundations are not consolidated in these financial statements. The St Paul & District Hospital Foundation exists for the purpose of raising funds to be used to benefit the St. Therese Health Centre (the "Centre"). The Lakeland Regional Health Authority Foundation exists for the purpose of raising funds to purchase equipment for use in the region.

Note 20 Related Parties (continued)

(d) Foundations (continued)

	Contributions received by Authority		Resources held by Foundation
	2003	2002	2003 Externally Restricted
St Paul & District Hospital Foundation	$ 56	$ 37	$ 38
Lakeland Regional Health Authority Foundation	21	-	2
	$ 77	$ 37	$ 40

Note 21 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the Authority's annual contributions payable of $2,309 for the year ended March 31, 2003 (2002 $2,013).

At December 31, 2002, the Local Authorities Pension Plan reported an actuarial deficiency of $444,980 (2001 surplus of $634,960).

Note 22 Contingency

The Authority has been named as a defendant in various legal actions. The outcome of these actions cannot be estimated at this time. However, management believes the amount of damages, if any, resulting from these claims would not materially affect the financial position of the Authority. In accordance with standard provincial requirements, the Authority maintains adequate liability coverage. Any costs in excess of the Authority's liability insurance on settlement would be recorded as an expense of the period of settlement.

Note 23 Trust Funds

The Authority receives funds in trust from Alberta Infrastructure for non-owned facilities for capital purposes and facility repairs. These amounts are not reported in these financial statements.

During the year, the Authority received $222 (2002 $1,457) and disbursed $785 (2002 $841) for capital and facility repairs for non-owned facilities. The balance of funds held by the Authority is $197 (2002 $760).

Note 24 Restructuring of Health Operations

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Orders 15, 16 and 17 of 2003 each dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the Lakeland Regional Health Authority are assumed in part by the East Central Regional Health Authority, which becomes Region 5, Capital Health Authority, which becomes Region 6, and by the Aspen Regional Health Authority, which becomes Region 7. Ministerial Order 24 disestablishes the Lakeland Regional Health Authority.

Specified assets and liabilities are to be distributed at carrying value to Region 5, Region 6 and Region 7 on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred to these three regions. The remaining insufficiency in net assets of the Lakeland Regional Health Authority is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the insufficiency of net assets of Lakeland Regional Health Authority at March 31, 2003 has yet to be determined.

Severance and other costs associated with the cessation of the Authority on April 1, 2003 and the transfer of programs, personnel, assets and liabilities to the newly-formed Regions 5, 6 and 7 are recorded in the financial statements (see Note 5 and Schedule 2)

In the preceding year, the Minister of Health and Wellness announced a realignment of the boundaries of the Lakeland Regional Health Authority, Aspen Regional Health Authority and East Central Regional Health Authority. This resulted in a decrease in geographic size of the region and a transfer of net assets valued at $ 406, of which $ 369 represented capital assets.

Note 25 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Aspen Regional Health Authority.

Schedule 1

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES BY OBJECT

YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 67,133	$ 68,811	$ 64,658
Contracts with health service operators (Note 20(c))	38,067	38,072	36,038
Drugs, gases, medical and surgical supplies	3,224	3,632	3,289
Other contracted services	6,111	6,017	6,078
Interest on long-term debt	3	3	8
Other *	19,846	19,197	17,086
Amortization:			
Capital equipment - internally funded	860	810	899
Capital equipment - externally funded	898	952	885
Facilities and improvements	3,252	2,669	2,858
Loss (Gain) on disposal of capital assets	-	663	(15)
Write down of investments	-	356	-
Capital assets write down - equipment	-	2,031	-
Fair value of facilities provided by Province at zero cost	429	439	429
	139,823	143,652	132,213
Less amounts reported in ancillary operations (Note 15)	(500)	(515)	(450)
	$ 139,323	$ 143,137	$ 131,763

*Other: Specify significant amounts below:

1 Patient transportation	$ 2,155	$ 2,148
2 Utilities	2,790	2,291
3 Capital Upgrades	930	663
4 Laboratory supplies	1,201	1,047
5 Food supplies	1,055	1,072

Schedule 2

Schedule 2

LAKELAND REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003							2002			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits & Honoraria (2, 3)	Severance	Total
Authority/Board Compensation											
RHA Chairperson Ernie Isley	1.00	$ 20	$ -	$ 20	-	$ -	$ 20	1.00	$ 10	$ -	$ 10
Orest Olineck	-	-	-	-	-	-	-	1.00	4	-	4
Members											
Orest Olineck	1.00	5	-	5	-	-	5	-	5	-	5
Ernie Isley	-	-	-	-	-	-	-	-	4	-	4
Floyd Thompson	1.00	10	-	10	-	-	10	1.00	15	-	15
John Dennett	-	-	-	-	-	-	-	1.00	2	-	2
Margaret Wade	1.00	6	-	6	-	-	6	1.00	8	-	8
Ellen McGladdery	-	-	-	-	-	-	-	1.00	5	-	5
Raymond Coates	1.00	6	-	6	-	-	6	1.00	9	-	9
John Pilipchuk	1.00	6	-	6	-	-	6	1.00	10	-	10
Maryann Arnold	1.00	10	-	10	-	-	10	1.00	6	-	6
Danny Smaiel	1.00	6	-	6	-	-	6	1.00	6	-	6
Allan Buck	1.00	8	-	8	-	-	8	1.00	7	-	7
Monica Zeniuk	1.00	4	-	4	-	-	4	1.00	7	-	7
Patricia Palechuk	1.00	5	-	5	-	-	5	1.00	4	-	4
Steve Martin	1.00	5	-	5	-	-	5	1.00	5	-	5
Total honoraria	12.00	$ 89	$ -	$ 89	-	$ -	$ 89	14	$ 103	$ -	$ 103

LAKELAND REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2 (continued)

	2003							2002			
					Severance						
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Sub-total	Number of Individuals	Amount	Total	Number of Individuals (1)	Salaries, Benefits & Honoraria (2, 3)	Severance	Total
STAFF											
Chief Executive Officer	1.00	$ 154	$ 29	$ 183	1	$ 60	$ 243	1.00	$ 177	$ -	$ 177
Medical Officers or Other Mgmt to Board	1.50	263	49	312	1	100	412	1.50	378	-	378
Management persons reporting to the CEO: Regional Chief Financial Officer, Directors of Health Services	1.00	135	21	156	-	-	156	1.00	135	-	135
Other Management reporting to those above (2003 avg = $108 + 2002 avg = $92) (excluding severances)	11.00	1,185	221	1,406	5	406	1,812	13.50	1,240	47	1,287
Other Management (2003 avg = $81 + 2002 avg = $82) (excluding severances)	55.18	3,874	724	4,598	6	242	4,840	55.61	4,675	-	4,675
Medical Doctors not included above	-	47	-	47	-	-	47	-	40	-	40
Registered Nurses not included above (2003 avg = $70 + 2002 avg = $65) (excluding severances)	350.13	20,693	3,866	24,559	-	-	24,559	358.57	23,236	-	23,236
Other Health Technical & Professionals (2003 avg = $26 + 2002 avg = $24) (excluding severances)	228.31	11,848	2,215	14,063	12	240	14,303	248.28	14,487	-	14,487
Unregulated Health Service Providers (2003 avg = $34 + 2002 avg = $33)	231.05	6,684	1,249	7,933	-	-	7,933	239.00	7,998	-	7,998
Other Staff (2003 avg = $18 + 2002 avg = $17) (excluding severances)	366.61	11,848	2,215	14,063	40	777	14,840	375.64	12,078	81	12,167
	1,250.78	56,706	10,585	67,291	65	1,431	68,722	1,291.05	64,417	138	64,555
TOTAL OF SCHEDULE 2	1,262.78	$ 56,795	$ 10,585	$ 67,380	65	$ 1,431	$ 68,811	1,305.05	$ 64,520	$ 138	$ 64,658

Schedule 2 (continued)

LAKELAND REGIONAL HEALTH AUTHORITY

SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE

YEAR ENDED MARCH 31, 2003

(1) Full time equivalent (FTE) has been determined as follows:

Regulated nurses	1921 hours per FTE
All other categories	2023 hours per FTE

The actual discrete number of individuals employed: 1,764 (2002 1,748).

(2) Salary includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation, car benefits and allowances and tuition.

(4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

(5) Severance includes: All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits, continued payment for Authority Board shared benefits identified in 2 above, that will continue to be paid.

(6) The total amount is reported in Schedule 1 - Expenses by Object.

Mistahia
#13

Financial Statements of

MISTAHIA REGIONAL HEALTH AUTHORITY

March 31, 2003

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AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of the Mistahia Regional Health Authority (the "Authority") as at March 31, 2003 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 5, 2003

MISTAHIA REGIONAL HEALTH AUTHORITY
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance and Audit Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Mistahia Regional Health Authority Board for approval. The Auditor General of Alberta has full and free access to the Finance and Audit Committee.

The Auditor General of Alberta provides an independent audit of the financial statements. They have assured us that their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dalton M. Russell
President and
Chief Executive Officer

Shawn Terlson
Chief Financial and
Information Officer

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2003
(thousands of dollars

	2003	2002
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	$ 10,983	$ 11,574
Accounts receivable	2,241	2,038
Contributions receivable	1,415	1,295
Inventories	684	668
Prepaid expenses	645	549
	15,968	16,124
NON-CURRENT CASH AND INVESTMENTS (Note 4	1,709	2,438
NON-CURRENT RECEIVABLES (Note 5	812	1,583
CAPITAL ASSETS (Note 6)	116,319	117,886
	$ 134,808	$ 138,031
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accruals	$ 10,470	$ 9,206
Accrued vacation pay	5,174	4,879
Deferred contributions (Note 7)	1,274	669
	16,918	14,754
DEFERRED CAPITAL CONTRIBUTIONS (Note 8	2,178	3,579
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 9	109,908	112,232
	129,004	130,565
NET ASSETS		
Unrestricted	(607)	1,713
Internally restricted (Note 10)	-	99
Investment in capital assets	6,411	5,654
	5,804	7,466
	$ 134,808	$ 138,031

The accompanying notes and schedules are part of these financial statements

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Operations
Year ended March 31, 2003
(thousands of dollars

	2003		2002
	Budget (Note 12)	Actual	Actual
REVENUES			
Alberta Health and Wellness contributions (Note 13)	$ 104,068	$ 104,020	$ 96,326
Other government contributions (Note 14)	466	466	466
Fees and charges (Note 15)	9,636	9,512	8,923
Ancillary operations - net (Note 16)	728	362	378
Donations	4	218	161
Investment and other income (Note 17)	2,129	3,215	3,110
Amortization of external capital contributions (Note 9)	5,029	5,388	5,328
	122,060	123,181	114,692
EXPENSES (Schedule 1)			
Facility-based in-patient acute services	32,154	31,514	28,609
Facility-based emergency and out-patient services	9,372	9,945	9,586
Facility-based continuing care services	10,906	11,427	10,205
Community and home-based services	6,446	6,420	6,630
Diagnostic and therapeutic services	23,023	22,898	21,056
Promotion, prevention and protection services	5,312	5,274	4,793
Research and education	-	41	31
Administration (Note 18)	6,946	7,006	7,635
Information technology	2,505	2,706	1,956
Support services (Note 19)	22,501	23,698	21,922
Amortization of facilities and improvements	3,746	3,914	3,763
	122,911	124,843	116,186
DEFICIENCY OF REVENUES OVER EXPENSES	$ (851)	$ (1,662)	$ (1,494)

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets
Year ended March 31, 2003
(thousands of dollars

	2003				2002
	Unrestricted	Internally Restricted	Investment in Capital Assets	Total	Total
DEFICIENCY OF REVENUES OVER EXPENSES	$ (1,662)	$ -	$ -	$ (1,662)	$ (1,494)
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	(1,740)	(99)	1,839	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	1,042	-	(1,042)	-	-
DISPOSAL OF INTERNALLY FUNDED CAPITAL ASSETS	40	-	(40)	-	-
BOUNDARY REALIGNMENT	-	-	-	-	(104)
NET CHANGE	(2,320)	(99)	757	(1,662)	(1,598)
BALANCE, BEGINNING OF YEAR	1,713	99	5,654	7,466	9,064
BALANCE, END OF YEAR	$ (607)	$ -	$ 6,411	$ 5,804	$ 7,466

MISTAHIA REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
Year ended March 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
Deficiency of revenues over expenses	$ (851)	$ (1,662)	$ (1,494)
Items not affecting cash:			
Amortization of internally funded equipment	975	977	815
Amortization of externally funded equipment	1,308	1,529	1,601
Amortization of internally funded facilities and improvements	25	65	37
Amortization of externally funded facilities and improvements	3,721	3,849	3,727
Amortization of deferred external capital contributions	(5,029)	(5,388)	(5,328)
(Gain) loss on disposal of capital assets	-	(35)	(15)
	149	(665)	(657)
Change in non-cash working capital accounts	(1,058)	1,729	1,398
Cash (used) generated by operations	(909)	1,064	741
INVESTING			
Purchase of capital assets:			
Internally funded equipment	(750)	(1,654)	(712)
Externally funded equipment	(1,554)	(2,014)	(2,517)
Internally funded facilities and improvements	(99)	(185)	(396)
Externally funded facilities and improvements	(2,527)	(1,050)	(4,908)
Proceeds on sale of capital assets	-	85	15
Change in non-current cash	2,438	729	2,677
Capital asset transfer on boundary realignment	-	-	4,112
Cash used by investing activities	(2,492)	(4,089)	(1,729)
FINANCING			
Capital contributions received (Note 8)	500	1,663	6,687
Change in non-current receivables	1,494	771	(246)
Reduction in net assets on boundary realignment	-	-	(104)
Reduction in unamortized external capital contributions on boundary realignment	-	-	(4,025)
Refund of unused capital contributions (Note 8)	-	-	(58)
Capital contributions transferred to operations (Note 8)	-	-	(5)
Capital contributions transferred to Peace RHA (Note 8)	-	-	(196)
Cash generated by financing activities	1,994	2,434	2,053
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(1,407)	(591)	1,065
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	11,574	11,574	10,509
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 10,167	$ 10,983	$ 11,574

1. AUTHORITY, PURPOSE AND OPERATION

The Mistahia Regional Health Authority ("the Authority") was established on June 24, 1994, under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta, 2000. The Authority is a registered charity and is exempt from payment of income tax under Section 149 of the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in the region. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The operations of the Authority include the following facilities and sites:

Beaverlodge Municipal Hospital
Central Peace Health Complex, Spirit River
Fairview Health Complex
Grande Cache General Hospital
Fox Creek Health Centre
Hythe Nursing Home
Mackenzie Place Long Term Care Centre, Grande Prairie
Queen Elizabeth II Hospital, Grande Prairie
Valleyview Health Centre
Worsley Health Centre
Mistahia Health Unit Offices in Beaverlodge, Fairview, Grande Cache, Grande Prairie, Spirit River and Valleyview.

These financial statements do not include the assets, liabilities, and operations of any voluntary or private facilities providing health services in the region. Information on these facilities is disclosed in Note 21.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness.

The following are the significant accounting policies:

(a) Basis of Presentation

These financial statements include all facilities and sites that the Authority operates.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Revenue Recognition

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets that will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

Revenues earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenues and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or from donations and as program expense as contract payments from the Authority do not include an amount for the use of these facilities.

The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(e) Full Cost (continued)

Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenues and expenses in these financial statements because fair value cannot be reasonably determined.

(ab) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. The pension plan is a multi-employer defined benefit pension plan that provides a pension for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

The Authority fully accrues its obligation for employee non-pension future benefits.

(c) Investments

Temporary investments are recorded at cost, which approximates market value.

Non-current investments are recorded at cost unless there has been an other than temporary decline in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized over the period to maturity. Gains or losses realized on disposal are recognized in the period of disposal.

(d) Inventories

Inventories are recorded at the lower of cost, as defined by moving average, and net realizable value.

2. SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(g) Capital Assets

Capital assets and capital projects in progress are recorded at cost. Capital assets costing less than $5,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Land improvements	10 - 25 years
Buildings	20 - 40 years
Major equipment	5 - 15 years

Capital projects in progress are not amortized until the project is complete.

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(h) Restructuring Costs

Restructuring costs are charged to expenses in the period the decision to restructure is made. If the actual costs are not known at the time the decision is made, then an estimate of the amounts is recorded.

(i) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST-free list of the Alberta Government.

(j) Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement, and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

The carrying amounts of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accruals, accrued vacation pay, and deferred contributions on the statement of financial position approximate fair value because of the limited term of these instruments.

3. CASH AND TEMPORARY INVESTMENTS

	2003	2002
	(thousands of dollars)	
Cash	$ 4,592	$ 4,912
Temporary investments at cost (which approximates market value)	8,100	9,100
	12,692	14,012
Allocation to non-current cash and investments (Note 4)	(1,709)	(2,438)
	$ 10,983	$ 11,574

Cash and temporary investments represent amounts held for working capital purposes.

Investments are comprised of several term deposits. The term deposits bear interest at rates ranging from 2.9 to 3.0 percent and mature from April 3 to May 5, 2003.

4. NON-CURRENT CASH AND INVESTMENTS

	2003	2002
	(thousands of dollars)	
Allocation from current cash and temporary investments (Note 3)	$ 1,709	$ 2,438

Non-current cash and investments represent the following:

	2003	2002
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 1,709	$ 2,339
Internally restricted for capital acquisitions	-	99
	$ 1,709	$ 2,438

5. NON-CURRENT RECEIVABLES

	2003	2002
	(thousands of dollars)	
Alberta Health and Wellness	$ -	$ 1,195
Alberta Infrastructure	425	23
Foundations	44	22
Non-current portion of receivables from physicians and staff	343	343
	$ 812	$ 1,583

The amounts due from Alberta Health and Wellness, Alberta Infrastructure, and Foundations are for capital acquisitions.

The amount due from physicians and staff is the non-current portion of non-interest bearing loans granted to Authority staff or certain physicians to establish medical practices. The current portion of $312,320 (2002 - $258,600) is reported in accounts receivable.

6. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			(thousands of dollars)
Land	$ 824	$ -	$ 824	$ 824
Land improvements	6,901	6,138	763	867
Buildings	155,652	64,191	91,461	91,627
Major equipment	43,312	30,945	12,367	12,016
Work in progress	10,904	-	10,904	12,552
	$ 217,593	$ 101,274	$ 116,319	$ 117,886

Capital assets have been funded from the following sources:

	2003	2002
	(thousands of dollars)	
Externally funded (unamortized external capital contributions)	$ 109,908	$ 112,232
Internally funded (investment in capital assets)	6,411	5,654
	$ 116,319	$ 117,886

7. DEFERRED CONTRIBUTIONS

	2003	2002
	(thousands of dollars)	
Amounts received:		
Alberta Health and Wellness	$ 4,207	$ 2,546
Other sources	50	55
	4,257	2,601
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 13)	(3,637)	(2,601)
Investment and other income (Note 17)	(10)	(5)
Donations	(5)	(3)
Refund of contributions	-	(44)
Deferred capital contributions (Note 8)	-	(11)
	(3,652)	(2,665)
Change during the year	605	(64)
Balance, beginning of year	669	733
Balance, end of year	$ 1,274	$ 669
Balance at end of year is restricted for the following purposes:		
Alberta Health and Wellness contributions:		
Primary Health Services	$ 750	$ -
Transition Grants	261	-
Security of Systems	149	-
Vaccine Administration	35	-
Healthy Aging Partnership Initiative	-	349
Early Childhood Development	-	270
RCD-10	-	6
	1,195	625
Other	79	44
	$ 1,274	$ 669

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(b).

	2003	2002
	(thousands of dollars)	
Amounts received:		
Restricted other government contributions	$ 1,200	$ 3,963
Donations restricted for capital purposes	457	829
Interest	6	72
Restricted Alberta Health and Wellness contributions	-	1,198
Other sources	-	614
Transfers from deferred contributions (Note 7)	-	11
	1,663	6,687
Transferred to:		
Unamortized external capital contributions (Note 9)	(3,064)	(7,425)
Refund of contributions	-	(58)
Accounts payable - boundary realignment	-	(196)
Statement of operations - donations	-	(5)
	(3,064)	(7,684)
Change during the year	(1,401)	(997)
Balance, beginning of year	3,579	4,576
Balance, end of year	$ 2,178	$ 3,579
Balance at end of year is restricted for the following purposes:		
Capital upgrades	$ 2,098	$ 2,528
Equipment acquisition	80	1,051
	$ 2,178	$ 3,579

9. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance, beginning of year	$ 112,232	$ 113,160
Add amounts transferred from deferred capital contributions (Note 8)	3,064	7,425
Net impact of boundary alignment	-	(4,025)
	115,296	117,560
Less amounts recognized as revenue:		
Amortization of external capital contributions	(5,388)	(5,328)
Balance, end of year	$ 109,908	$ 112,232

10. INTERNALLY RESTRICTED NET ASSETS

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2003	2002
	(thousands of dollars)	
Capital acquisitions and project management	$ -	$ 99

11. COMMITMENTS

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Maintenance Contracts	Healthcare Service Contracts	Operating Leases	Total
	(thousands of dollars)			
2004	$ 944	$ 651	$ 328	$ 1,923
2005	377	64	224	665
2006	228	-	31	259
2007	128	-	4	132
2008	-	-	-	-

In addition to the above, the Authority has entered into an agreement for the purchase of electricity at a rate of 8.4 cents per kilowatt-hour. The agreement expires December 31, 2005.

12. BUDGET

	Approved Budget (1)	Adjusted Approved Budget	Budget Realignment (2)	Reported Budget (3)
	(thousands of dollars)			
Revenues:				
Alberta Health and Wellness contributions	$ [illegible]	$ [illegible]	$ -	$ [illegible]
Other government contributions	[illegible]			[illegible]
Fees and charges	[illegible]		[illegible]	[illegible]
Ancillary operations – net	[illegible]		[illegible]	[illegible]
Donations	[illegible]			[illegible]
Investment and other income	[illegible]		[illegible]	[illegible]
Amortization of deferred capital contributions	[illegible]			[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
Expenses:				
Facility-based in-patient acute services	[illegible]	[illegible]	[illegible]	[illegible]
Facility-based emergency and out-patient services	[illegible]	[illegible]	[illegible]	[illegible]
Facility-based continuing care services	[illegible]		[illegible]	[illegible]
Community- and home-based services	[illegible]		[illegible]	[illegible]
Diagnostic and therapeutic services	[illegible]	[illegible]	[illegible]	[illegible]
Promotion, prevention and protection services	[illegible]	[illegible]	[illegible]	[illegible]
Research and education	-			-
Administration	[illegible]		[illegible]	[illegible]
Information technology	[illegible]		[illegible]	[illegible]
Support services	[illegible]		[illegible]	[illegible]
Amortization of facilities and improvements	[illegible]			[illegible]
	[illegible]	[illegible]	[illegible]	[illegible]
(Deficit) excess of revenues over expenses	$ [illegible]	$ -	$ -	$ [illegible]

(1) The budget was approved by the Board of the Authority on May 7, 2002 and approved by the Minister of Health and Wellness on June 28, 2002.

(2) Over the course of the fiscal year, the Minister provided additional funding. The Board has allocated these additional resources to address funding expectations as follows:

	(thousands of dollars)
Supplemental specialists on-call	$ 510
Increase in other physician compensation	257
Telehealth operating grant	110
Vaccine administration	108
Adjustment to Early Childhood Development	(154)
Adjustment to physician rural on-call	(12)
	$ 969

(3) The business plan submitted to Alberta Health and Wellness included significant budget allocations such as contingencies for employer salary negotiations based on management estimates. The budget was subsequently adjusted for actual settlement amounts, as they became known.

12. BUDGET (continued)

(4) The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Amendment Regulation (AR 127/2002) from incurring an operating deficit. If a regional health authority incurs an operating deficit, further action is required under section 2.9(3) of the legislation, depending on the circumstances.

The Authority incurred an operating deficit of $1,661,887 for the year ended March 31, 2003 and complied with section 2.9(3) of the regulation by partially offsetting the deficit with unrestricted net assets at March 31, 2003.

The Authority does not have sufficient unrestricted net assets at March 31, 2003 to fund the deficit and is therefore required to submit a plan to the Minister of Health and Wellness by July 31, 2003 on how it will eliminate the deficit.

13. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2003		2002
	Budget (Note 12)	Actual	Actual
	(thousands of dollars)		
Unrestricted contributions	$ 100,383	$ 100,383	$ 93,725
Transfers from deferred contributions (Note 7)	3,685	3,637	2,601
	$ 104,068	$ 104,020	$ 96,326

14. OTHER GOVERNMENT CONTRIBUTIONS

	2003		2002
	Budget (Note 12)	Actual	Actual
	(thousands of dollars)		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 466	$ 466	$ 466

15. FEES AND CHARGES

	2003		2002
	Budget (Note 12)	Actual	Actual
	(thousands of dollars)		
Acute Care			
Non-entitled revenue - inpatients	$ 2,570	$ 2,598	$ 2,293
Non-entitled revenue - outpatients	1,648	1,506	1,517
Preferred accommodation	184	167	165
Other	85	26	74
Continuing Care			
Non-entitled revenue	17	4	5
Accommodation charges	2,561	2,541	2,285
Preferred accommodation	243	258	222
Federal government	62	76	72
Workers Compensation Board (WCB)	1,601	1,675	1,691
Approved patient fees and charges	665	664	590
	$ 9,636	$ 9,512	$ 8,923

16. ANCILLARY OPERATIONS

	2003				2002
	Budget (Note 12)	Parking Operations	Other Ancillary Operations	Total	Actual
	(thousands of dollars)				(thousands of dollars)
Revenues	$ 728	$ 356	$ 150	$ 506	$ 476
Expenses	-	68	76	144	98
Excess of revenues over direct expenses (2003)	$ 728	$ 288	$ 74	$ 362	$ 378
Excess of revenues over direct expenses (2002)	$ 251	$ 249	$ 129	$ 378	

17. INVESTMENT AND OTHER INCOME

	2003 Budget (Note 12)	2003 Actual	2002 Actual
	(thousands of dollars)		
Unrestricted investment income	$ 351	$ 340	$ 530
Other income	1,778	2,865	2,575
Transfer from deferred contributions (Note 7)	-	10	5
	$ 2,129	$ 3,215	$ 3,110

Investment income comprises interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Other income comprises recoveries from sources external to the Authority for materials, supplies and wages.

18. ADMINISTRATION

	2003 Budget (Note 12)	2003 Actual	2002 Actual
	(thousands of dollars)		
General administration:			
Corporate administration	$ 1,916	$ 2,005	$ 2,481
Medical administration	781	1,076	679
Board of Trustees	281	229	181
	2,978	3,310	3,341
Financial services	1,685	1,654	1,525
Human resources	1,909	1,670	2,410
Administration attributed to private sector operators (Note 20)	374	372	359
	$ 6,946	$ 7,006	$ 7,635

19. SUPPORT SERVICES

	2003 Budget (Note 12)	2003 Actual	2002 Actual
	(thousands of dollars)		
Bio-medical engineering	$ 218	$ 246	$ 181
Building maintenance, operations and security	7,748	8,429	7,298
Communications	832	721	748
Education	279	204	319
Health registry	2,570	2,602	2,639
Housekeeping	2,934	3,089	2,768
Laundry and linen	1,000	1,166	1,080
Materials management and transportation	1,861	2,026	1,854
Patient food services	3,989	4,042	3,908
Volunteer services and other	254	261	254
Support services attributed to private sector operators (Note 20)	816	912	863
	$ 22,501	$ 23,698	$ 21,922

20. RELATED PARTIES

Provincial Government

The Authority is established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appoints the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the Statement of Operations and Notes 7, 8, 13 and 14 to the financial statements.

Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are included in the Statement of Operations.

20. RELATED PARTIES (continued)

Foundations

The Authority has an economic interest in the following Foundations. The Foundations raise funds to benefit the Authority and other health related entities and are registered charities under the Income Tax Act. Information on the Foundations is as follows:

	Contributions Received by Authority		Resources Held by Foundation	
	2003	2002	Externally Restricted	Unrestricted
	(thousands of dollars)			
Beaverlodge General Hospital Foundation	$ 36	$ 47	$ -	$ 47
Fairview Health Complex Foundation	129	339	2,074	346
Hythe Hospital and Nursing Home Foundation	28	2	1	45
Queen Elizabeth II Hospital Foundation	281	436	1,345	1,106
Valleyview Health Care Foundation	8	9	16	11
	$ 482	$ 833	$ 3,436	$ 1,555

Externally restricted amounts are for equipment, programs, and research and education for the specific hospital and continuing care facility supported by the individual foundation.

The value of administrative support provided to foundations and the accounts receivable from the foundations at the year-end are as follows:

	Administrative Support Year ended March 31		Accounts Receivable at March 31	
	2003	2002	2003	2002
	(thousands of dollars)			
Queen Elizabeth II Hospital Foundation	$ 25	$ 25	$ 2	$ 137
Fairview Health Complex Foundation	-	-	5	-
Valleyview Health Care Foundation	-	-	2	-
	$ 25	$ 25	$ 9	$ 137

20. RELATED PARTIES (continued)

Private Health Service Operators

The Authority has an economic interest in the following private health service providers as it transfers significant resources to these entities. The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted services for the year are as follows:

	2003			2002
	Direct Authority Funding	Approved Patient Fees and Charges	Total	Total
	(thousands of dollars)			(thousands of dollars)
Grande Prairie Care Centre	$ 1,849	$ 664	$ 2,513	$ 2,407
Dynacare Kasper Medical Laboratories	948	-	948	901
	$ 2,797	$ 664	$ 3,461	$ 3,308

These payments to health service operators have been reported in the following expense categories:

	2003	2002
	(thousands of dollars)	
Facility-based continuing care services	$ 1,313	$ 1,258
Diagnostic and therapeutic services	864	828
Administration (Note 18)	372	359
Support services (Note 19)	912	863
	$ 3,461	$ 3,308

21. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contribution payable of $2,566,116 for the year ended March 31, 2003 (2002- $2,268,047).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of $444,980,000 (2001 – surplus of $634,960,000).

22. BOUNDARY REALIGNMENT

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Order #18 of 2003, effective April 1, 2003, the assets and liabilities of the Peace Regional Health Authority and a portion of the Keeweetinok Lakes Regional Health Authority (the transferror Health Authorities) are assumed by the continuing region Mistahia Regional Health Authority, now operating as Peace Country Health.

An amount of $370,265 was transferred from the continuing Mistahia Regional Health Authority to the Peace Regional Health Authority to provide the Peace Regional Health Authority sufficient cash to meet some of its financial obligations.

The continuing Region 8 will assume additional liabilities for the transferor Peace Regional Health Authority including deferred contributions of $593,502, where no cash exists to support the liability and potential future costs for the abatement and demolition of the former Peace River hospital and continuing care facility estimated at $1,000,000.

Summary of unfunded deferred contributions:	
Funding from Alberta Health and Wellness for targeted programs	$202,828
Community donations for operation of CT scan	233,917
Community donations for capital equipment additions and replacement	150,334
Funding from Federal Government for Francophone program	6,423
	$593,502

Specified assets and liabilities are to be distributed at the carrying value by the transferor authorities on the basis of their location in, or relationship to the programs provided in the geographical areas transferred to Peace Country Health.

The surpluses or insufficiencies in net assets of the transferor regions are to be pooled with surpluses and insufficiencies of the other disestablished Regional Health Authorities and the aggregate surplus or insufficiency allocated to the continuing Regional Health Authorities on a defined population basis. The outcome of the allocation process is uncertain and the assumption of insufficiency of net assets, if any, may have a significant negative impact on the ongoing operation of Peace Country Health.

The allocation of the aggregate surplus or insufficiency of net assets to Peace Country Health at March 31, 2003 has yet to be determined.

These financial statements have not been adjusted to reflect the transferor regions liabilities that are unsupported by sufficient net assets.

23. COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to 2003 presentation.

24. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by Peace Country Health.

MISTAHIA REGIONAL HEALTH AUTHORITY — Schedule 1

Expenses by Object of Expenditure

Year ended March 31, 2003
(thousands of dollars)

	2003 Budget (Note 12)	2003 Actual	2002 Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 79,227	$ 79,929	$ 72,954
Contracts with health service operators (Note 21)	3,428	3,461	3,308
Drugs, gases, medical and surgical supplies	5,751	5,721	5,655
Other contracted services	10,879	11,058	10,498
Other *	17,599	18,433	17,704
Amortization:			
Internally funded equipment	975	977	815
Externally funded equipment	1,308	1,529	1,601
Internally funded facilities and improvements	25	65	37
Externally funded facilities and improvements	3,721	3,849	3,727
(Gain) loss on disposal of capital assets	-	(35)	(15)
	122,913	124,987	116,284
Less amounts reported in ancillary operations (Note 16)	2	144	98
	$ 122,911	$ 124,843	$ 116,186

	2003 Budget (Note 12)	2003 Actual	2002 Actual
* Other. Significant amounts include			
Diagnostic and therapeutic supplies	1,990	1,972	1,847
Equipment maintenance	1,721	1,540	1,467
Food supplies	917	1,032	969
Patient transportation	1,447	1,424	1,455
Utilities	3,678	4,239	2,914
Other	7,846	8,226	9,052
	$ 17,599	$ 18,433	$ 17,704

MISTAHIA REGIONAL HEALTH AUTHORITY
Salaries, Honoraria, Benefits, Allowances and Severance
Year ended March 31, 2003
(thousands of dollars)

Schedule 2

	2003							2002			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Severance (5) Number of Individuals	Severance (5) Amount	Total	Number of Individuals (1)	Salaries, Honoraria and Benefits (2)	Severance (5)	Total
AUTHORITY BOARD COMPENSATION											
RHA Chairperson											
Myron Moats	1.00	$ 23	$ —	$ 23	$ —	$ —	$ 23	1.00	$ 13	$ —	$ 13
Official Administrator											
Ric Fraser		—	—	—	—	—	—	0.50	16	—	16
RHA Members											
Lorne Bass	1.00	7	1	8	—	—	8	1.00	4	—	4
Claudia Buck	1.00	9	1	10	—	—	10	1.00	5	—	5
Dennis Grant	1.00	12	2	14	—	—	14	1.00	3	—	3
Andre Harpe	1.00	12	4	16	—	—	16	1.00	3	—	3
Myron Homan	1.00	11	4	15	—	—	15	1.00	5	—	5
Walter Isaiasz	1.00	9	3	12	—	—	12	1.00	4	—	4
Dianne Lavoie	—	—	—	—	—	—	—	1.00	2	—	2
Barry Loewen	1.00	12	2	14	—	—	14	1.00	6	—	6
William McGregor	1.00	10	3	13	—	—	13	1.00	—	—	—
Jean Rycroft	1.00	6	3	9	—	—	9	—	—	—	—
Ken Sargent	1.00	8	1	9	—	—	9	1.00	4	—	4
Brenda Storm	1.00	9	4	13	—	—	13	1.00	6	—	6
TOTAL HONORARIA	12.00	$ 127	$ 33	$ 160	$ —	$ —	$ 160	[illegible]	$ 63	$ —	$ 63

MISTAHIA REGIONAL HEALTH AUTHORITY
Salaries, Honoraria, Benefits, Allowances and Severance (continued)
Year ended March 31, 2003
(thousands of dollars)

Schedule 2

	2003							2002			
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Subtotal	Severance (5) Number of Individuals	Severance (5) Amount	Total	Number of Individuals (1)	Salaries, Honoraria and Benefits (2)	Severance (5)	Total
TOTAL HONORARIA (BROUGHT FORWARD)	12.00	$ 127	$ 33	$ 160	—	$ —	$ 160	[illegible]	$ [illegible]	$ —	$ [illegible]
STATUTORY SALARIES											
Chief Executive Officer											
Interim Chief Executive Officer	1.00	272	12	284			284	[illegible]	[illegible]		[illegible]
Management positions reporting to the CEO								[illegible]	[illegible]		
Chief Operating Officer											
Vice President, Regional Health Services	1.00	112	17	129			129	[illegible]	[illegible]		[illegible]
Vice President, Support Services	1.00	110	17	127			127	[illegible]	[illegible]		[illegible]
Vice President, Human Resources	1.00	110	18	128	1	21	149	[illegible]	[illegible]		[illegible]
Chief Financial & Information Officer	1.00	130	17	147	—	—	147	[illegible]	[illegible]		[illegible]
Vice President, Medical Affairs	0.64	99	15	114			114	[illegible]	[illegible]		[illegible]
Medical Officer of Health	0.83	173	23	196			196	[illegible]	[illegible]		[illegible]
Other management positions reporting to these above	1.00	341	14	355			355	[illegible]	[illegible]		[illegible]
(avg. 2001/02 and avg. 2002/03 excluding severance)	24.06	1,878	332	2,210			2,210	[illegible]	[illegible]		[illegible]
Other management											
(avg. 2001/02 and avg. 2002/03 excluding severance)	48.20	3,196	567	3,763	1	173	3,936	[illegible]	[illegible]		[illegible]
Regulated nursing [illegible]											
(avg. 2001/02 and avg. 2002/03 excluding severance)	489.82	29,334	5,015	34,349			34,349	[illegible]	[illegible]		[illegible]
Other Health Professional and Professionals											
(avg. 2001/02 and avg. 2002/03 excluding severance)	184.27	10,825	1,734	12,559			12,559	[illegible]	[illegible]		[illegible]
Unregulated Health Service Providers											
(avg. 2001/02 and avg. 2002/03 excluding severance)	181.19	5,314	788	6,102			6,102	[illegible]	[illegible]		[illegible]
Other Staff											
(avg. 2001/02 and avg. 2002/03 excluding severance)	453.64	15,830	2,974	18,804	6	308	19,112	[illegible]	[illegible]		[illegible]
TOTAL	1,196.85	$ 67,851	$ 11,574	$ 79,425	10	$ 502	$ 79,929	[illegible]	[illegible]	[illegible]	[illegible]

MISTAHIA REGIONAL HEALTH AUTHORITY **Schedule 2**

Salaries, Honoraria, Benefits, Allowances and Severance (continued)
Year ended March 31, 2003
(thousands of dollars)

1. Full-time equivalent (FTE) has been determined as follows:

	Hours
UNA contract staff	1,920.75
Executive Team	2,015.00
All other contracts and excluded staff	2,022.75

Total actual discrete number of individuals employed: 2003 - 1,801 (2002 - 1,777)

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions made on behalf of employees, including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, and workers' compensation.

4. The Chief Executive Officer is provided with an automobile, no dollar amount is included under benefits and allowances.

5. Severance includes all monies paid directly or on behalf of an employee upon termination, which are not included in salaries and benefits. The number of individuals receiving severances disclosed in the schedule is the discrete number of individuals.

6. The total amount is reported in Schedule 1 (Schedule of Expenses by Object of Expenditure).

Peace
#14

AUDITOR GENERAL Alberta

Financial Statements of

PEACE REGIONAL HEALTH AUTHORITY

March 31, 2003

AUDITOR'S REPORT

To the Members of the Board of Peace Country Health
and the Minister of Health and Wellness

I have audited the statement of financial position of the Peace Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 18, 2003

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PEACE REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by Peace Country Health. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Board. The Authority meets with management and the external auditor, **the Auditor General of Alberta** to discuss and review financial matters. The Auditor General has full and free access to the Board.

The Auditor General of Alberta provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Daniel Russell
Chief Executive Officer

Shawn Terbon
Chief Financial & Information Officer

PEACE REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current		
Cash and temporary investments (Note 3)	$ 137	$ 3,215
Accounts receivable	561	966
Contributions receivable	103	335
Inventories	168	177
Prepaid expenses	20	119
Other assets (Note 6)	4	4
	993	4,816
Non-current cash and investments (Note 4)	4,274	18,582
Capital assets (Note 5)	66,195	57,814
Other assets (Note 6)	228	232
TOTAL ASSETS	$ 71,690	$ 81,444
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 3,527	$ 2,995
Accrued vacation pay	1,637	1,713
Deferred contributions (Note 7)	443	340
	5,607	5,048
Deferred contributions (Note 7)	-	155
Deferred capital contributions (Note 8)	4,274	17,199
Unamortized external capital contributions (Note 9)	63,509	54,851
	73,390	77,253
Net assets		
Unrestricted (deficit)	(4,386)	-
Internally restricted (Note 10)	-	1,228
Investment in capital assets	2,686	2,963
	(1,700)	4,191
TOTAL LIABILITIES AND NET ASSETS	$ 71,690	$ 81,444

The accompanying notes and schedules are part of these financial statements.

PEACE REGIONAL HEALTH AUTHORITY
Statement of Operations
March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
Revenues			
Alberta Health and Wellness contributions (Note 13)	$ 29,449	$ 29,715	$ 29,020
Other government contributions (Note 14)	165	104	100
Fees and charges (Note 15)	1,618	1,828	1,549
Ancillary operations, net (Note 16)	55	62	78
Donations	200	205	105
Investment and other income (Note 17)	782	827	1,096
Amortization of external capital contributions (Note 9)	1,502	4,793	1,719
Gain on disposal of capital assets	-	-	6
TOTAL REVENUES	33,771	37,534	33,673
Expenses (Schedule 1)			
Facility-based inpatient acute care services	6,767	8,316	7,239
Facility-based emergency and outpatient services	1,854	1,854	2,240
Facility-based continuing care services	4,276	4,566	4,015
Community and home-based services	2,666	2,800	2,327
Diagnostic and therapeutic services	5,793	6,373	5,892
Promotion, prevention and protection services	2,104	2,118	2,126
Research and education	42	41	44
Administration (Note 18)	1,860	2,640	2,062
Information technology	310	738	892
Support services (Note 19)	7,086	10,104	7,788
Amortization of facilities and improvements	1,013	1,473	888
Capital assets write down (Note 20)	-	2,402	-
TOTAL EXPENSES	33,771	43,425	35,513
Deficiency of revenues over expenses	$ -	$ (5,891)	$ (1,840)

PEACE REGIONAL HEALTH AUTHORITY
Statement of Cash Flows
March 31,
(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenues over expenses	$ -	$ (5,891)	$ (1,840)
Non-cash transactions:			
Amortization of capital equipment - internally funded	460	444	485
- externally funded	487	929	842
Amortization of facilities and improvements	1,014	1,473	888
Amortization of external capital contributions (Note 9)	(1,501)	(4,804)	(1,730)
Loss on disposal of capital equipment	-	-	(6)
Write down of capital assets	-	2,402	-
Changes in non-cash working capital account	453	1,304	304
Cash generated from (used by) operations	913	(4,143)	(1,057)
Investing activities:			
Repayment of long-term advance	4	4	4
Purchase of capital assets:			
internally funded	-	(167)	(899)
externally funded - equipment (Note 9)	-	(850)	(2,510)
externally funded - facility and improvements (Note 9)	(10,000)	(12,612)	(8,043)
Boundary realignment assets acquired	-	-	(4,862)
Proceeds on sale of investments	-	-	8
Allocations to non-current cash	10,000	14,308	(7,240)
Cash generated from (used by) investing activities	4	683	(23,542)
Financing activities:			
Decrease in non-current deferred contributions	-	(155)	-
Capital contributions received	-	537	18,638
Repayment of capital contributions	-	-	(23)
Increase in amortized external capital contributions on boundary realignment	-	-	4,816
Increase in net assets on boundary realignment	-	-	46
Cash generated from financing activities	-	382	23,477
Increase (decrease) in cash and temporary investments	917	(3,078)	(1,122)
Cash and temporary investments, beginning of year	3,215	3,215	4,337
Cash and temporary investments, end of year	$ 4,132	$ 137	$ 3,215

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PEACE REGIONAL HEALTH AUTHORITY
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2003
(thousands of dollars)

	Unrestricted (deficit)	Internally Restricted (Note 10)	Invested in Capital Assets	2003 Total	2002 Total
Deficiency of revenues over expenses	$ (5,891)	$ -	$ -	$ (5,891)	$ (1,840)
Capital assets purchased with internal funds	(167)	-	167	-	-
Amortization on internally funded capital assets	444	-	(444)	-	-
Boundary realignment	-	-	-	-	46
Net change	(5,614)	-	(277)	(5,891)	(1,794)
Transfer to unrestricted	1,228	(1,228)	-	-	-
Balance at beginning of year	-	1,228	2,963	4,191	5,985
Balance at end of year	$ (4,386)	$ -	$ 2,686	$ (1,700)	$ 4,191

Note 1 Authority, Purpose and Operations

The Peace Regional Health Authority (the "Authority") was established June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for delivering appropriate, accessible and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

The Authority's operations include the following facilities and sites:

Manning Community Health Centre
Peace River Community Health Centre
Sacred Heart Community Health Centre
Grimshaw Berwyn Community Health Centre

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies.

(a) Basis of Presentation

(i) These financial statements were prepared using the deferral method, the key elements of which are:

(ii) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

PEACE REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
March 31, 2003

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iv) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

(v) Endowments and restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(vi) Unrestricted investment income is recognized in the year earned.

(vii) Investment income subject to external restrictions is, depending on the nature of the restriction, recorded as a direct increase to net assets, or deferred and recognized as revenue in the year the related expenses are incurred.

(viii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full cost

The Authority accounts for all costs and revenue related to services for which it is responsible.

The fair value of costs of services is recorded. Fair value transactions consist of the following:

(i) Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service expense of the Authority.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(b) Full cost (continued)

(ii) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Authority's health program.

(iii) The fair value for use of acute care facilities not owned by the Authority is recorded as revenue from other government contributions or donations, and also as program expense, since contract payments from the Authority do not include an amount for use of these facilities.

(iv) The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expense.

(v) Other assets, supplies and services that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Temporary investments are recorded at lower of cost and market value.

Non-current investments are recorded at cost unless there has been an other than temporary impairment in value. At that time, the value is reduced. Any discounts or premiums arising on purchase are amortized on a straight-line basis over the maturity period. Gains or losses on disposal are recognized in the period of disposal.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings	40 years
Land improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(h) Measurement Uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of related assets. Amounts recorded for accrued liabilities include estimates for obligations for which the terms are not yet determined. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services.

Note 3 Cash and Temporary Investments

	2003	2002
	(thousands of dollars)	
Cash	$ 304	$ 17,914
Guaranteed investment certificates	4,107	3,883
	$ 4,411	$ 21,797

Guaranteed investment certificates are as follows:

$4,106,763 at an average rate of 6%, mature November 9, 2004

Guaranteed investment certificates are guaranteed by the province of Alberta.

Cash and investments are presented on the statement of financial position as follows:

	2003	2002
	(thousands of dollars)	
Cash	$ 137	$ 3,215
Non-current cash and investments (Note 4)	4,274	18,582
	$ 4,411	$ 21,797

Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

Note 3 Cash and Temporary Investments (continued)

To earn optimal financial returns at an acceptable level of risk, management has invested in five-year term certificates.

Note 4 Non-Current Cash and Investments

	2003	2002
	(thousands of dollars)	
Externally restricted for capital acquisitions	$ 4,274	$ 17,199
Health Aging Partnership Initiatives	-	155
Internally restricted for capital acquisitions	-	785
Internally restricted for community capital funds	-	443
	$ 4,274	$ 18,582

Note 5 Capital Assets

	2003			2002
	(thousands of dollars)			
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1,051	$ -	$ 1,051	$ 1,051
Land Improvements	942	862	80	38
Buildings	50,554	11,550	39,004	18,631
Equipment	15,216	8,907	6,309	6,920
Construction in Progress	19,751	-	19,751	31,174
	$ 87,514	$ 21,319	$ 66,195	$ 57,814

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions)	$ 63,509	$ 54,851
Internally funded (invested in capital assets)	2,686	2,963
	$ 66,195	$ 57,814

Note 6 Other Assets

In 1999, the Authority advanced $250,000 to the Falher and Area Community Association for professional services to finance a medical clinic. The advance is secured by a first charge on the land, building, furniture and equipment, and a general security agreement. Repayment terms require blended monthly payments of $1,448 principal and interest at the rate of 5.75%, with an interest renewal date in April of the year 2003. The advance is payable over thirty years commencing in 1999. The principal balance owed at March 31, 2003 is $232,000.

	2003	2002
	(thousands of dollars)	
Current portion	$ 4	$ 4
Long term portion	228	232
Total amount due to the Authority	$ 232	$ 236

Note 7 Deferred Contributions

	2003	2002
	(thousands of dollars)	
Amounts received from:		
Alberta Health and Wellness	$ 851	$ 1,020
Other government	110	-
Donors	200	250
Amounts recognized as revenues:		
Alberta Health and Wellness (Note 13)	(962)	(890)
Other government (Note 14)	(104)	-
Donors	(205)	(88)
Amounts transferred (to) from deferred capital contributions	58	(1)
Change during the year	(52)	291
Balance, beginning of year	495	204
	$ 443	$ 495

Unspent amounts at the end of the year are restricted for the following purposes:

	2003	2002
Current:		
Archival blood project	$ 25	$ 25
Children's Health Initiative	6	3
CT Scan	234	181
Specialist on Call	22	-
Software licenses	4	4
Telehealth	50	26
Francophone	6	-
Young Family Wellness	96	101
	443	340
Long-term:		
Health Aging Partnership Initiatives	-	155
	$ 443	$ 495

Note 8 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2 a (ii).

	2003	2002
	(thousands of dollars)	
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ -	$ 353
Restricted other government contributions	368	18,170
Transferred (to) from deferred contributions (Note 7)	(58)	1
Donations restricted for capital purposes	227	114
	537	18,638
Amounts repaid to Alberta Health and Wellness	-	(23)
Transferred to:		
Unamortized external capital contributions (Note 9)	(13,462)	(10,553)
Change during the year	(12,925)	8,062
Balance, beginning of year	17,199	9,137
Balance, end of year	$ 4,274	$ 17,199

Balance at the end of the year is restricted for the following purposes:

Equipment replacement	$ 1,048	$ 1,246
Community funds restricted for capital purposes	150	831
New construction	3,076	15,122
	$ 4,274	$ 17,199

Note 9 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 a (ii). The balance at the end of year represents the external capital contribution to be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance, beginning of year	$ 54,851	$ 41,212
Transfers from deferred capital contributions (Note 8)	13,462	10,553
Transfers due to boundary realignment	-	4,816
	68,313	56,581
Less amounts recognized as revenue:		
Amortization of External capital contributions	(4,793)	(1,719)
Amortization - Ancillary operations	(11)	(11)
	(4,804)	(1,730)
Balance, end of year	$ 63,509	$ 54,851

Note 10 Internally Restricted Net Assets

The Authority has internally restricted the following amounts for:

	2003	2002
	(thousands of dollars)	
Future equipment replacement	$ -	$ 785
Community funds restricted for capital purposes	-	443
	$ -	$ 1,228

Note 11 Commitments and Contingencies

The Authority is replacing the Manning Community Health Centre with a new facility estimated to cost $17.4 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2003, the Authority has expended approximately $15.2 million in construction costs and has unspent funds of approximately $2.2 million provided by Alberta Infrastructure.

The Authority is replacing the Peace River Community Health Centre Continuing Care facility estimated to cost $6 million. The Minister of Health and Wellness and the Minister of Infrastructure have committed the Province to full funding support. At March 31, 2003, the Authority has expended approximately $4.2 million and has unspent funds of $1.8 million provided by Alberta Infrastructure.

The costs for abatement and demolition of the continuing care facility, along with the former Peace River Hospital are estimated at $1,200,000.

Note 12 Budget

The budget was approved by the Board of the Authority on May 6, 2002, and approved by the Minister of Health and Wellness on June 27, 2002.

Note 13 Alberta Health and Wellness Contributions

	2003	2002
	(thousands of dollars)	
Unrestricted contributions	$ 28,753	$ 28,130
Transfers from deferred contributions (Note 7)	962	890
	$ 29,715	$ 29,020

Note 14 Other Government Contributions

	2003	2002
	(thousands of dollars)	
Federal government	$ 104	$ 100

Note 15 Fees and charges

	2003	2002
	(thousands of dollars)	
Acute care		
Non-entitled revenue - inpatients	$ 145	$ 69
Non-entitled revenue - outpatients	83	111
Other	4	87
Continuing care		
Accomodation charges	1,224	983
Federal government	13	12
Workers Compensation Board (WCB)	359	287
	$ 1,828	$ 1,549

Note 16 Ancillary Operations

	2003			2002
	Non-Patient Food Services Operations	Rental Operations	Total	Total
	(thousands of dollars)			
Revenues				
Revenue	$ 344	$ 53	$ 397	$ 406
Amortization of external capital contributions	11	-	11	11
	355	53	408	417
Expenses				
Other expenses	258	68	326	319
Amortization	20	-	20	20
	278	68	346	339
Excess (deficiency) of revenues over direct expenses 2002/03	$ 77	$ (15)	$ 62	78
Excess of revenues over direct expenses 2001/02	$ 76	$ 2	$ 78	

Note 17 Investment and other income

	2003	2002
	(thousands of dollars)	
Investment income	$ 268	$ 344
Other income	559	752
	$ 827	$ 1,096

Investment income comprises interest on guaranteed investment certificates. Other income is comprised of miscellaneous recoveries, and miscellaneous fees for services tendered by the Authority.

Note 18 Administration

	2003	2002
	(thousands of dollars)	
General Administration	$ 1,924	$ 1,488
Finance	449	386
Personnel	267	188
	$ 2,640	$ 2,062

Note 19 Support services

	2003	2002
	(thousands of dollars)	
Amortization	$ 208	$ 187
Building maintenance, operations and security	3,592	1,570
Communications	400	337
Education	199	219
Housekeeping	1,183	1,128
Laundry and linen	782	490
Materials management	508	472
Patient food services	1,687	1,711
Patient health records	1,052	1,132
Patient transportation	430	475
Volunteer services	63	67
	$ 10,104	$ 7,788

Note 20 Capital assets write down

During the year the Authority recorded a write down of $2,402,000 to reflect the change in estimate of the useful lives of existing acute care and long term care facilities.

Note 21 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appointed the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in notes 7, 8, and 13 of these statements.

(b) Health Authorities

The Authority shares a common relationship with other Health Authorities through its relationship with the Province of Alberta.

(c) Foundations

The following controlled foundations, in which the Authority has an economic interest, are not consolidated in these statements.

Grimshaw Berwyn Foundation

	2003	2002
	(thousands of dollars)	
Total assets	$ 199	$ 236
Total liabilities	(1)	(1)
Net assets	$ 198	$ 235
Revenues	$ 14	$ 19
Expenses	50	7
Excess (deficiency) of revenues over (expenses)	$ (36)	$ 12

Note 21 Related Parties (continued)

(c) Foundations

Peace Health Region Foundation

	2003	2002
	(thousands of dollars)	
Total assets	$ 80	$ 15
Total liabilities	-	-
Net assets	$ 80	$ 15
Revenues	$ 96	$ 16
Expenses	31	1
Excess of revenues over expenses	$ 65	$ 15

	Contributions received by Peace Regional Health Authority		Resources held by Foundation	
	Year ended March 31,		at March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
	(thousands of dollars)			
Grimshaw Berwyn	$ -	$ 25	$ 5	$ 193
Peace Health Region	-	-	80	-
	$ -	$ 25	$ 85	$ 193

Resources of the Grimshaw Berwyn Foundation amounting to 5,000 have been restricted by donors for the exclusive use of Grimshaw Berwyn facility.

Resources of the Peace Health Region Foundation amounting to 80,000 have been restricted by donors for the exclusive use of Manning, McLennan and Peace River facilities.

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan which is a multi-employer defined benefit plan. Pension expense in these financial statements is equal to the Authority's annual contributions payable of $909,000 for the year ended March 31, 2003 (2002 – $748,000). At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of $444,980,000 (2001 - surplus of $634,960,000).

Note 23 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of regional health authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Order #18 of 2003, effective April 1, 2003, the assets and liabilities of the Peace Regional Health Authority are assumed by the continuing region Mistahia Regional Health Authority, now operating as Peace Country Health including the potential future costs for abatement and demolition of the former Peace River hospital and continuing care facility, as detailed in Note 11.

Specified assets and liabilities are to be distributed at the carrying value by the Peace Regional Health Authority, on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred to Peace Country Health.

The remaining insufficiency in net assets of Peace Regional Health Authority are to be pooled with surpluses and insufficiencies of the other disestablished Regional Health Authorities and the aggregate surplus or insufficiency allocated to the continuing Regional Health Authorities on a defined population basis. The outcome of the allocation process is uncertain and the assumption of insufficiency of net assets, if any, may have a significant negative impact on the ongoing operation of Peace Country Health.

The allocation of the insufficiency of net assets of Peace Regional Health Authority at March 31, 2003 has yet to be determined.

Severance and other costs associated with the cessation of the Authority on April 1, 2003 and the transfer of programs, personnel, assets and liabilities to the newly-formed Peace Country Health are recorded in the financial statements (see Schedule 2).

Note 24 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $5,891,000 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (see Note 23).

Note 25 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 26 Trust Funds

The Authority holds funds in trust from continuing care patients. These amounts are not reported in the financial statements.

Note 27 Approval of Financial Statements

These financial statements have been approved by Peace Country Health.

PEACE REGIONAL HEALTH AUTHORITY
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003							2002			
					Severance[4]						
	Number of Individuals[1]	Salaries and Honoraria[2]	Benefits and Allowances[3]	Sub-total	Number of Individuals	Amount	Total	Number of Individuals[1]	Salaries, Honoraria and Benefits[2,3]	Severance[4]	Total
Authority/Board Compensation											
RHA Chairperson BETTY KRUSE	1	$ 22	$ -	$ 22	-	$ -	$ -	1	$ 13	$ -	$ 13
A ATKINSON	-	-	-	-	-	-	-	1	1	-	1
J BLAYONE	1	4	-	4	-	-	-	1	1	-	1
J COLE	1	6	-	6	-	-	-	1	4	-	4
D FRITH	1	11	-	11	-	-	-	1	7	-	7
K GALL	1	14	-	14	-	-	-	1	9	-	9
D HARBOURNE	1	11	-	11	-	-	-	1	10	-	10
C JOHNSON	1	5	-	5	-	-	-	1	4	-	4
C JONES	-	-	-	-	-	-	-	1	1	-	1
M LABOUCAN	-	-	-	-	-	-	-	1	1	-	1
L MEARDI	1	8	-	8	-	-	-	1	5	-	5
F TURCOTTE	1	3	-	3	-	-	-	1	4	-	4
E WALL	-	-	-	-	-	-	-	1	8	-	8
Total honoraria	9	84	-	84	-	-	-	13	68		68
Staff											
Chief Executive Officer	1	123	21	144	-	-	144	1	124	-	124
Other management persons reporting to CEO											
Senior Management Team	1	105	18	123	1	29	152	1	98	-	98
Senior Management Team	1	105	18	123	1	132	255	1	103	-	103
Senior Management Team	1	105	18	123	-	-	123	1	104	-	104
Senior Management Team	1	105	18	123	-	-	123	0.5	58	-	58
Other management person(s) reporting directly to those above (avg. 2003 $89, avg. 2002 $91) (excluding severance)	8	759	130	889	1	127	1,016	8	727	-	727
Regulated nurses not included above (avg. 2003 $72, avg. 2002 $75) (excluding severance)	154.0	9,487	1,629	11,116	1	36	11,152	134.9	10,078	-	10,078
Other health technical and professionals (avg. 2003 $73, avg. 2002 $77) (excluding severance)	52.3	3,251	544	3,795	-	-	3,795	50.5	3,903		3,903
Unregulated health service providers (avg. 2003 $35, avg. 2002 $31) (excluding severance)	83.4	2,494	428	2,922	4	113	3,035	81.0	2,476	-	2,476
Other staff (avg. 2003 $37, avg. 2002 $37)	174.1	5,565	956	6,521	8	170	6,691	169.4	6,353	9	6,363
Total	485.8	$ 22,183	$ 3,780	$ 25,963	16	$ 607	$ 26,570	448.0	$ 24,093	$ 9	$ 24,103

PEACE REGIONAL HEALTH AUTHORITY
Schedule of Expenses by Object
March 31, 2003
(thousands of dollars)

Schedule 1

	Budget	2003	2002
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 24,642	$ 26,570	$ 24,103
Consulting services	850	1,672	1,870
Drugs, gases, medical and surgical supplies	810	1,398	1,271
Other *	5,500	8,883	6,393
Amortization:			
Capital equipment - internally funded	440	444	485
Capital equipment - externally funded	842	929	842
Facilities and improvements	1,013	1,473	888
Capital assets write-down			
Facilities and improvements	-	2,402	-
	34,097	43,771	35,852
Less amounts reported in ancillary operations (Note 16)	(326)	(346)	(339)
	$ 33,771	$ 43,425	$ 35,513

Other is made up of	
Patient transportation	$ 430
Food supplies	517
Utilities	1,534
Equipment maintenance	513
Diagnostic and therapeutic supplies	394
Other supplies	5,495
	$ 8,883

PEACE REGIONAL HEALTH AUTHORITY **Schedule 2 (continued)**

Schedule of Salaries, Honoraria, Benefits Allowances and Severance

March 31, 2003

(thousands of dollars)

1. Full time equivalent (FTE) is determined as follows:

   Total actual discrete number of individuals employed: 726 (2002 - 731.)

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

3. Benefits and allowances include the employer's share of employee benefits and contributions on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. Severance includes:

   All monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits; and forgiveness of debt; future payments in the amount of $nil on existing contracts between the Authority Board and the employee(s) for services that no longer will be provided by the employee.

5. The total amount is reported in Schedule 1.

Keeweetinok
#15

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Keeweetinok Lakes Regional Health Authority #15
Financial Statements
March 31, 2003

Keeweetinok Lakes Regional Health Authority #15
Management's Responsibility for Financial Reporting
Financial Statements
March 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Aspen Regional Health Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgements.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters. The Auditor General has full and free access to the Committee of the Whole.

The Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Bob Cable
Chief Executive Officer
Aspen Regional Health Authority

Shelly Pusch
Chief Financial Officer
Aspen Regional Health Authority

Trevor McLeod
Chief Financial Officer
Keeweetinok Lakes Regional
Authority #15

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AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of Aspen Regional Health Authority
and the Minister of Health and Wellness

I have audited the statement of financial position of the Keeweetinok Lakes Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
June 18, 2003

Keeweetinok Lakes Regional Health Authority #15
Statement of Financial Position

March 31, 2003

(Thousands of dollars)

	2003	2002
Assets		
Current		
Cash and investments (Note 3)	$ 2,807	$ 944
Accounts receivable	946	987
Contributions receivable	252	200
Inventories	306	302
Prepaid expenses	143	101
	4,454	2,534
Non-current cash and investments (Note 4)	1,080	5,238
Non-current receivable	-	522
Capital assets (Note 5)	30,608	30,112
Total assets	$ 36,142	$ 38,406
Liabilities		
Current		
Accounts payable (Note 24)	$ 2,814	$ 1,111
Accrued vacation pay	1,057	1,093
Deferred contributions (Note 6)	518	701
	4,389	2,905
Deferred capital contributions (Note 7)	93	1,217
Unamortized external capital contributions (Note 8)	27,116	26,734
	31,598	30,856
Net assets		
Unrestricted (Note 9)	65	3,071
Internally restricted (Note 10)	987	1,101
Investments in capital assets	3,492	3,378
	4,544	7,550
Total liabilities and net assets	$ 36,142	$ 38,406

The accompanying notes and schedules are part of these financial statements.

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Keeweetinok Lakes Regional Health Authority #15
Statement of Operations

Year Ended March 31, 2003

(Thousands of dollars)

	2003 Budget (Note 11)	2003 Actual	2002 Actual
Revenue			
Alberta Health and Wellness contributions (Note 12)	$ 22,570	$ 22,869	$ 22,097
Other Government contributions (Note 13)	600	570	572
Fees and charges (Note 14)	1,300	1,075	1,059
Ancillary operations, net (Note 15)	-	(98)	(94)
Donations	200	50	189
Investment and other income (Note 16)	1,050	499	886
Amortization of external capital contributions, general operations (Note 8)	1,300	1,287	1,141
	27,020	26,252	25,850
Expenses (Schedule 1)			
Facility based inpatient acute services	5,489	4,691	4,451
Facility based emergency and outpatient services	2,205	2,607	2,616
Facility based continuing care services	1,822	2,237	1,891
Community and home based services	1,496	1,348	1,327
Diagnostic and therapeutic services	4,121	4,644	4,029
Promotion, prevention and protection services	2,311	2,560	2,051
Administration (Note 17)	1,619	1,942	1,839
Information technology	633	607	579
Support services (Note 18)	7,425	7,777	7,394
Amortization of facilities and improvements	884	845	863
	28,005	29,258	27,040
Excess (deficiency) of revenue over expenses (Note 23)	$ (985)	$ (3,006)	$ (1,190)

The accompanying notes and schedules are part of the financial statements.

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Keeweetinok Lakes Regional Health Authority #15
Statement of Changes in Net Assets
March 31, 2003
(thousands of dollars)

	2003				2002
	Unrestricted (Note 9)	Internally Restricted (Note 10)	Invested in Capital Assets	Total	Total
(Deficiency) of revenue over expenses	$ (3,006)	$ -	$ -	$ (3,006)	$ (1,190)
Capital assets purchased with internal funds	-	(972)	972	-	-
Amortization on internally funded capital assets	858	-	(858)	-	-
Transfer to internally restricted	(858)	858	-	-	-
Net change	(3,006)	(114)	114	(3,006)	(1,190)
Balance at beginning of year	3,071	1,101	3,378	7,550	8,740
Balance at end of year	$ 65	$ 987	$ 3,492	$ 4,544	$ 7,550

The accompanying notes and schedules are part of the financial statements.

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Keeweetinok Lakes Regional Health Authority #15
Statement of Cash Flows
Year Ended March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 11)	Actual	Actual
Cash generated from (used by):			
Operating activities			
(Deficiency) of revenue over expenses	$ (985)	$ (3,006)	$ (1,190)
Non-cash transactions			
Loss on disposal of equipment	-	-	4
Amortization of capital equipment - internally funded	692	829	831
- externally funded	477	471	325
Amortization of facilities and improvements			
internally funded	-	29	-
externally funded	864	863	863
Amortization of external capital contributions	(1,341)	(1,334)	(1,188)
	(293)	(2,148)	(355)
Change in non-cash working capital account (Note 19)	-	1,427	(320)
Cash used from operations	(293)	(721)	(675)
Investing activities			
Net change in non current cash and investments	1,392	4,158	1,847
Proceeds on sale of assets	-	-	7
Purchase of capital assets			
Internally funded - equipment	(600)	(972)	(1,108)
Externally funded - equipment	(510)	(1,716)	(1,109)
Cash generated (used) by investing activities	282	1,470	(363)
Financing activities			
Capital contributions received, net (Note 7)	-	592	918
Change in non-current receivables	-	522	(522)
Cash generated by financing activities	-	1,114	396
Increase (decrease) in cash	(11)	1,863	(642)
Cash, beginning of year	944	944	1,586
Cash, end of year	$ 933	$ 2,807	$ 944

The accompanying notes and schedules are part of the financial statements.

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Note 1 Authority, Purpose and Operations

The Keeweetinok Lakes Regional Health Authority #15 (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is also a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in Alberta. This responsibility includes the operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The operations of the Authority include the following facilities and sites:

- High Prairie Health Complex
- Slave Lake Health Complex
- Wabasca/Desmarais General Hospital
- J.B. Wood Extended Care Unit
- Keeweetinok Lakes Regional Health Authority #15 Ambulance Program
- Community Health Services Offices located at the following sites:

- High Prairie	- Red Earth Creek
- Slave Lake	- Desmarais
- Kinuso	- Peerless Lake
- Gift Lake	- Trout Lake

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies.

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year when receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.

(iii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(a) Basis of Presentation (continued)

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods or services would have otherwise been purchased.

(b) Full Cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair values of costs of services are recorded. The fair value transactions recorded consist of the following:

(i) The fair value for the use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and as program expenses.

(ii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expense in these financial statements because fair value can not be reasonably determined.

(c) Employee Future Benefits

The authority participates in the Local Authorities Pension Plan. This is a multi-employer defined benefit pension plan that provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the authority has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The authority's portion of the pension plan's deficit or surplus is not recorded by the Authority.

(d) Investments

Short-term investments are recorded at lower of cost and market.

Non-current investments are recorded at cost. Cost includes the amount of applicable amortization of discount or premium using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

(e) Financial Instruments

The carrying value of accounts receivable, accounts payable and accrued liabilities approximates their fair book value because of the short-term maturity of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net realizable value.

(g) Capital Assets

Capital assets and construction projects in progress are recorded at cost.

Capital assets costing less than $5,000 are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows.

	Useful Life
Buildings	40 years
Land Improvements	20 years
Building service equipment	20 years
Vehicles and equipment	5-20 years

Construction projects in progress are not amortized until the project is complete.

(h) Restructuring Costs

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

(i) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could significantly differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of the Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in future if the Authority ceases to be part of the GST free list of Alberta Government.

Note 3 Cash and Investments

	2003	2002
Cash and non-current cash and investments	$ 3,887	$ 6,182
Non-current cash and investments (Note 4)	(1,080)	(5,238)
	$ 2,807	$ 944

Cash consists of amounts on deposit in interest-bearing accounts at major financial institutions, bonds and equities. Interest rates vary in accordance with the prime rate.

Note 4 Non-Current Cash and Investments

	2003	2002
Cash	1,080	851
Bonds	-	2,766
Equities	-	1,621
	$ 1,080	$ 5,238
Market value of non-current cash and investments	$ 1,080	$ 4,860

Note 4 Non-Current Cash and Investments (continued)

(i) Income and financial returns are exposed to credit and price risks. Credit risk relates to the possibility that a loss may occur when another party fails to perform according to terms of the contract. Price risk comprises interest rate risk and market risk. Interest rate risk relates to the possibility that investments will change in value with future fluctuations in market interest rates. Market risk relates to the possibility that investments will change in value due to fluctuations in market prices.

To earn optimal financial returns at an acceptable level of risk, management has established a policy asset mix of 65% to 75% for fixed-income instruments and 25% to 35% equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed-income and equity instruments.

(ii) Publicly traded fixed income instruments are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix.

(iii) Equities comprise publicly traded equities. Risk is reduced by prudent security selection and sector rotation.

Non Current cash and investments represent the following:

	2003	2002
Externally restricted for capital acquisitions	$ 93	$ 695
Internally restricted for capital acquisitions	987	1,101
Non-current investments	-	3,442
	$ 1,080	$ 5,238

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 283	-	$ 283	$ 283
Buildings	33,868	10,446	23,422	24,302
Equipment & Vehicles	13,303	7,684	5,619	4,482
Land Improvements	592	466	126	139
Construction in Progress	1,158	-	1,158	906
	$ 49,204	$ 18,596	$ 30,608	$ 30,112

Note 5 Capital Assets (continued)

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions)(Note 8)	$ 27,116	$ 26,734
Internally funded (invested in capital assets)	3,492	3,378
	$ 30,608	$ 30,112

Note 6 Deferred Contributions

	2003	2002
Amounts received:		
Alberta Health and Wellness contributions	$ 807	$ 910
Deferred Capital Contributions (Note 7)	-	50
Neegan Awas'Sak	20	-
Donations	35	56
Alberta Infrastructure	313	342
	1,175	1,358
Amounts recognized as revenue:		
Telehealth	-	(159)
Alberta Infrastructure	(372)	(304)
Alberta Health and Wellness Contributions (Note 12)	(893)	(770)
Donations	(50)	(30)
Amounts returned	(43)	(25)
Amounts transferred to deferred capital contributions (Note 7)	-	(600)
Change during the year	(183)	(530)
Balance, beginning of year	701	1,231
	$ 518	$ 701

Note 6 Deferred Contributions (continued)

Unspent amounts at end of year are restricted:

	2003	2002
Current:		
Alberta Infrastructure	$ 211	$ 270
Alberta Health and Wellness	165	294
Donation	122	137
Other	20	-
	$ 518	$ 701

Note 7 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2 (a)(iii).

	2003	2002
Amounts received:		
Alberta Infrastructure	$ -	$ 20
Alberta Health and Wellness	-	266
Transferred from deferred contributions (Note 6)	-	600
Aspen Health Authority	105	-
Donations	487	-
Transferred to:		
Returned to Alberta Infrastructure	-	(18)
Deferred Contributions (Note 6)	-	(50)
Unamortized external capital contributions (Note 8)	(1,716)	(1,109)
Change during the year	(1,124)	(191)
Balance, beginning of year	1,217	1,408
Balance, end of year	$ 93	$ 1,217
Balance at end of year is restricted for the following purposes:		
Betterment of capital assets	$ -	$ 872
New Construction	93	345
	$ 93	$ 1,217

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2 (a)(iii). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2003	2002
Balance at beginning of year	$ 26,734	$ 26,813
Add amounts transferred from		
Deferred capital contributions (Note 7)	1,716	1,109
Less amounts recognized as revenue:		
General operations	(1,287)	(1,141)
Ancillary operations (Note 14)	(47)	(47)
	$ 27,116	$ 26,734

Note 9 Unrestricted and Internally Restricted Net Assets

The balance of unrestricted and internally restricted net assets can be analyzed as follows:

	2003	2002
Unrestricted and internally restricted net assets at regionalization – April 1, 1995	$ 2,636	$ 2,636
Changes since regionalization		
Cumulative operating (deficit) surplus	(611)	2,395
Invested in capital assets (net of amortization)	(973)	(859)
	$ 1,052	$ 4,172
Unrestricted	$ 65	$ 3,071
Internally restricted (Note 10)	987	1,101
	$ 1,052	$ 4,172

Note 10 Internally Restricted Net Assets

Net assets internally restricted represent amounts restricted by the Authority for the following purposes:

	2003	2002
Future equipment replacement	$ 987	$ 1,101

Note 11 Budget

	Approved Budget (1)
Revenue	
Alberta Health and Wellness contributions	22,570
Other government contributions	600
Fees and charges	1,300
Donations	200
Investment and other revenue	1,050
Amortization of external capital contributions	1,300
	27,020
Expenses	
Facility based inpatient acute services	5,489
Facility based emergency and outpatient services	2,205
Facility based continuing care services	1,822
Community and home based services	1,496
Diagnostic and therapeutic services	4,121
Promotion, prevention and protection services	2,311
Administration	1,619
Information technology and we/net	633
Support services	7,425
Amortization of facilities and improvements	884
	28,005
Excess of revenues over expenses	(985)

(1) The budget was approved by the Board of the Authority in May 2002, and approved by the Minister of Health and Wellness in July 2002.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2003
(Thousands of dollars)

Note 12 Alberta Health and Wellness Contributions

	2003	2002
Unrestricted contributions	$ 21,976	$ 21,327
Transferred from deferred contributions (Note 6)	893	770
	$ 22,869	$ 22,097

Note 13 Other Government Contributions

	2003	2002
Alberta Infrastructure		
Fair value of rent less rent charges for non-acute care facilities used by the Authority	$ 51	$ 37
Repairs and Maintenance	372	304
Alberta Cancer Board	40	
Other	20	80
Alberta Mental Health Board	85	151
	$ 570	$ 572

Note 14 Fees and Charges

	2003	2002
Acute Care		
Non-entitled revenue – inpatients	$ 55	$ 37
Non-entitled revenue – outpatients	82	86
Other	8	2
Continuing Care		
Accommodation charges	320	366
Preferred accommodation	245	142
Other	103	184
Federal Government	9	12
Workers Compensation Board	253	230
	$ 1,075	$ 1,059

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2003
(Thousands of dollars)

Note 15 Ancillary Operations

	2003				2002
	Non-Patient Food Services	Rental Operations	Ambulance	Total	Total
Revenues					
Revenues	$ 155	$ 73	$ 1,500	$ 1,728	$ 1,559
Amortization of external Capital contributions	-	47	-	47	47
	155	113	1,500	1,775	1,606
Expenses					
Other expenses	155	115	1,495	1,765	1,587
Amortization	-	47	61	108	113
	155	162	1,556	1,873	1,700
Excess (deficiency) of revenues over direct expenses 02/03	$ -	$ (49)	$ (56)	$ (98)	$ (94)
Excess (deficiency) of revenues over direct expenses 01/02	$ -	$ (50)	$ (44)	$ (94)	

Note 16 Investment and Other Income

	2003	2002
Unrestricted investment income	$ 493	$ 296
Write down of investments	(498)	-
Other income	504	590
	$ 499	$ 886

Investment income is comprised of interest, dividends, amortization of discount and premiums, and net gains on disposal of investments.

Bonds and equities have been written down to their market value at March 31, 2003.

Other income is comprised of miscellaneous recoveries.

Keeweetinok Lakes Regional Health Authority #15
Notes to the Financial Statements
March 31, 2003
(Thousands of dollars)

Note 17 Administration

	2003	2002
General administration	$ 887	$ 913
Finance	492	271
Personnel	563	655
	$ 1,942	$ 1,839

Note 18 Support Services

	2003	2002
Building maintenance, operations, and security	$ 2,387	$ 2,245
Communications	527	697
Education	93	103
Housekeeping	962	825
Laundry and linen	371	434
Materials management	221	167
Patient food services	1,290	1,229
Patient health records	940	841
Patient registration	333	329
Patient transportation	653	524
	$ 7,777	$ 7,394

Note 19 Changes in Non-Cash Working Capital Accounts

	2003	2002
Accounts receivable	$ 41	$ (228)
Contributions receivable	(52)	150
Inventories	(4)	(67)
Prepaid expenses	(42)	(33)
Accounts payable	1,703	192
Accrued vacation pay	(36)	196
Deferred contributions	(183)	(530)
	$ 1,427	$ (320)

Note 20 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $654 for the year ended March 31, 2003 (2002 - $ 533).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of $ 444,980 (2001 surplus of $634,960).

Note 21 Restructuring of Health Operations

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Orders 17, and 18 of 2003 each dated March 28,2003, effective April 1, 2003, the assets and liabilities of the Keeweetinok Lakes Regional Health Authority #15 are assumed in part by the Aspen Regional Health Authority, which becomes Region #7, and by the Mistahia Health Region, which becomes Region #8. Ministerial Order 25/2003 disestablishes the Keeweetinok Lakes Regional Health Authority #15.

Specified assets and liabilities are to be distributed at carrying value to Regions 7 and 8 on the basis of their location in, or relationship to the programs provided in, the geographical areas transferred to these two regions. The remaining net assets of the Keeweetinok Lakes Regional Health Authority #15 is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the surplus of net assets of Keeweetinok Lakes Regional Health Authority #15 at March 31, 2003 has yet to be determined.

Severance and salary costs associated with the cessation of Keeweetinok Lakes Regional Health Authority #15 on April 1, 2003 and the transfer of programs, personnel, assets and liabilities to the newly formed Health Regions, 7 and 8, are recorded in the financial statements (see Schedule 2).

Note 22 Related Party Transactions

(a) Province of Alberta

The Authority is established under the Regional Health Authority Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the province are disclosed in the statement of operations and Notes 6, 7, 8, 12 and 13.

(b) Health Authorities

The Authority shares a common relationship with other health authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other health authorities are reported in the Statement of Operations and disclosed in note 21 to the financial statements.

Note 23 Operating Deficit

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $3,006 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (see note 21).

Note 24 Trust Funds

The Authority holds funds on behalf of Long Term Care Clients. The amount included in Accounts Payable for this is $83 (2002 - $85).

Note 25 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 26 Approval of Financial Statements

The Aspen Regional Health Authority has approved these financial statements.

Keeweetinok Lakes Regional Health Authority #15
Schedule 1 - Expenses by Object

For the year ended March 31, 2003
(Thousands of dollars)

	Budget	2003	2002
Salaries, benefits, allowances and severance (Schedule 2)	$ 18,348	$ 19,906	$ 17,195
Drugs, gases, medical and surgical supplies	1,225	1,032	1,128
Consulting services	1,250	1,392	1,154
Other	6,702	6,609	7,244
Amortization:			
Capital equipment - internally funded	692	829	831
Capital equipment - externally funded	477	471	325
Facilities and improvements			
- internally funded	-	29	-
- externally funded	864	863	863
	29,558	31,131	28,740
Less amounts reported in ancillary operations (Note 15)	(1,553)	(1,873)	(1,700)
	$ 28,005	$ 29,258	$ 27,040

Keeweetinok Lakes Regional Health Authority #15
Schedule 2 - Salaries, Benefits, Allowances and Severance

For the year ended March 31, 2003
(Thousands of dollars)

	2003							2002	
					Severance				
	Number of Individuals	Salaries and Honoraria	Benefits and Allowances	Sub-total	Number of Individuals	Accrued	Total	Number of Individuals	Salaries, Benefits and Allowances
	(1)	(2)	(3)		(4)	(5)		(1)	(2 & 3)
Authority Corporate:									
Board Chairperson:									
Don Sharp	[illegible]							[illegible]	[illegible]
Andrew Mason	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Board Members:									
Noel Almeida	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Johnson Cakew	[illegible]							[illegible]	[illegible]
Kasmer, Rose	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Lafrenier, Earl	[illegible]							[illegible]	[illegible]
Lightfoot, Jerry	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Nothing, Evelyn	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Ole, Andrew	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Rancier, Gary	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Saulit, Mary	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Yellowbear, Solomon	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Total Honoraria		[illegible]	[illegible]	[illegible]			[illegible]		[illegible]
Staff:									
Chief Executive Officer(s)	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Medical Officers:									
Regional Medical Officer of Health	[illegible]	[illegible]		[illegible]			[illegible]	[illegible]	[illegible]
Regional Medical Director	[illegible]	[illegible]		[illegible]			[illegible]	[illegible]	[illegible]
Management personnel reporting to the CEO:									
Director Corporate Services								[illegible]	[illegible]
Director Health Services	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Team Manager - High Prairie	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Team Manager - Slave Lake	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Team Manager - Continuing Care	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Team Manager - Community Health	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Chief Financial Officer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Medical Doctors (avg 2003: [illegible] avg 2002: [illegible])	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Registered nurses (unscheduled duties) (avg 2003: [illegible] avg 2002: [illegible])	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Other Health Technical and Professionals (avg 2003: [illegible] avg 2002: [illegible])	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Unregulated Health Services Providers (avg 2003: [illegible] avg 2002: [illegible])	[illegible]	[illegible]	[illegible]	[illegible]			[illegible]	[illegible]	[illegible]
Other Staff (avg 2003: [illegible] avg 2002: [illegible])	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sub-total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fringe		[illegible]	[illegible]	[illegible]		[illegible]	[illegible]		[illegible]

Keeweetinok Lakes Regional Health Authority #15
Schedule 2 - Salaries, Benefits, Allowances and Severance (continued)

For the year ended March 31, 2003
(Thousands of dollars)

(1) Full time equivalent (FTE) has been determined as follows:
Standard work year equals 2,015 hours
Total actual discrete number of individuals employed: 522 (2002 - 475)

(2) Salaries include regular base pay, overtime, lump sum payments, honorania and any other direct cash remuneration including sick leave, short term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, unemployment insurance, workers compensation and allowances.

(4) The Chief Executive Officer is provided with an automobile, no dollar amount is included under benefits and allowances.

(5) Severance includes all monies paid or payable directly or on behalf of an employee upon termination which are not included in salaries and benefits.

(6) The total amount is reported in Schedule 1.

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

FINANCIAL STATEMENTS

MARCH 31, 2003

Statement of Management Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Northern Lights
Health Region

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying Northern Lights Regional Health Services financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgment.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Committee of the Whole. This Committee meets with management and the external auditor, Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Northern Lights Health Authority Board for approval. The external auditor has full and free access to the Committee of the Whole.

The external auditor, Auditor General of Alberta, provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian Generally Accepted Auditing Standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Dated at Fort McMurray, in the Province of Alberta, this 24 day of June, 2003.

PATRICIA PELTON
Chief Executive Officer

LINDA METZ
Vice President Corporate Services

7 Hospital Street, Fort McMurray, Alberta, Canada T9H 1P2 Tel. (780) 791-6161 Fax (780) 791-6029

AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of the Northern Lights Health Region
and the Minister of Health and Wellness

I have audited the statement of financial position of the Northern Lights Regional Health Authority ("the Authority") as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
June 13, 2003

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY
STATEMENT OF FINANCIAL POSITION
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current		
Cash and temporary investments (Note 3)	$ 3,486	$ 1,436
Accounts receivable (Note 4)	1,974	1,349
Contributions receivable	466	1,296
Inventories	359	379
Prepaid expenses	292	270
	6,577	4,730
Non-current cash (Note 5)	3,642	5,283
Capital contributions receivable (Note 6)	1,321	1,172
Capital assets (Note 7)	30,701	29,506
Other assets	150	260
Total assets	$ 42,391	$ 40,951
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	$ 3,490	$ 3,141
Accrued vacation pay	1,605	1,473
Bank loan (Note 8)	600	-
Deferred non-capital contributions (Note 9)	849	224
	6,544	4,838
Deferred non-capital contributions (Note 9)	8	8
Deferred capital contributions (Note 10)	4,955	6,447
Unamortized external capital contributions (Note 11)	29,104	27,800
	40,611	39,093
Net assets		
Unrestricted	183	152
Investment in capital assets	1,597	1,706
Operating net assets	1,780	1,858
Total liabilities and net assets	$ 42,391	$ 40,951

The accompanying notes and schedules are part of these financial statements.

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF OPERATIONS

March 31, 2003

(thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
Revenue			
Alberta Health and Wellness contributions (Note 13)	$ 35,859	$ 36,376	$ 34,354
Other government contributions (Note 14)	795	924	774
Fees and charges (Note 15)	3,242	3,249	3,065
Ancillary operations, net (Note 16)	95	(50)	(39)
Donations	122	197	195
Investment and other income (Note 17)	495	805	1,000
Amortization of external capital contributions, health operations (Note 11)	2,165	2,204	2,037
Total revenue	42,773	43,705	41,376
Expenses (Schedule 1)			
Facility based inpatient acute services	11,413	11,275	11,105
Facility based emergency and outpatient services	4,500	3,574	3,244
Facility based continuing care services	1,750	1,787	1,741
Community and home based services	2,148	1,985	1,622
Diagnostic and therapeutic services	8,810	9,186	8,546
Promotion, prevention and protection services	2,780	2,527	2,585
Administration (Note 18)	3,154	2,748	3,481
Information technology	1,129	902	925
Support services (Note 19)	8,252	8,404	8,033
Amortization of facilities and improvements, health operations	1,914	1,895	1,422
Total expenses	45,819	43,783	42,676
Deficiency of revenue over expenses	$ (3,046)	$ (78)	$ (1,300)

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF CHANGES IN NET ASSETS

March 31, 2003

(thousands of dollars)

	2003			2002
	Unrestricted Net Assets	Invested in Capital Assets	Total	Total
Deficiency of revenue over expenses	$ (78)	$ -	$ (78)	$ (1,300)
Amortization of internally funded capital assets	175	(175)	-	-
Capital assets purchased with internal funds	(72)	72	-	-
Disposal of internally funded capital assets	6	(6)	-	-
Net change	31	(109)	(78)	(1,300)
Balance at beginning of year	152	1,706	1,858	3,158
Balance at end of year	$ 183	$ 1,597	$ 1,780	$ 1,858

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

STATEMENT OF CASH FLOWS

March 31, 2003

(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities:			
Deficiency of revenue over expenses	$ (3,046)	$ (78)	$ (1,300)
Non-cash transactions:			
Amortization of capital equipment - internally funded	360	122	126
- externally funded	251	835	623
Amortization of facilities and improvements - internally funded	-	51	30
- externally funded	1,913	1,413	1,393
Amortization of external capital contributions	(2,165)	(2,248)	(2,043)
Loss on disposal of capital assets - internally funded	-	5	13
Changes in non-cash working capital account	525	1,309	(674)
Cash generated from (used by) operations	(2,161)	1,411	(1,821)
Investing activities:			
Purchase of capital assets:			
internally funded	(600)	(72)	(395)
externally funded - equipment (Note 11)	(3,342)	(1,702)	(1,200)
externally funded - facility and improvements (Note 11)	(4,835)	(1,850)	(408)
Proceeds on sale of capital assets - internally funded		1	17
- externally funded			27
Allocations from (to) non-current cash	3,087	1,641	(3,580)
Allocation to long-term receivable	600	(39)	(197)
Cash used by investing activities	(5,090)	(2,021)	(5,826)
Financing activities:			
Capital contributions received	3,850	2,060	5,463
Proceeds from bank loan	700	600	-
Cash generated from financing activities	4,550	2,660	5,463
Increase (decrease) in cash and temporary investments	(2,701)	2,050	(2,184)
Cash and temporary investments, beginning of year	1,957	1,436	3,622
Cash and temporary investments, end of year	$ (744)	$ 3,486	$ 1,436

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2003

(thousands of dollars)

Note 1 Authority, Purpose and Operations

The Northern Lights Regional Health Authority (the "Authority") was established on June 24, 1994 under the authority of the Regional Health Authorities Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is exempt from the payment of income tax and is a registered charity under the Income Tax Act.

The Authority is responsible for the delivery of appropriate, accessible and affordable health services in the Northern Lights Region. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well being.

The Authority's operations comprise the following facility:

Northern Lights Regional Health Centre, 7 Hospital Street, Fort McMurray, Alberta.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies:

(a) Basis of Presentation

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until invested in capital assets. Amounts invested, representing externally funded capital assets, are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the period in which the related amortization expense of the funded capital asset is recorded.

(iii) Externally restricted non-capital contributions are recognized as revenue in the year proportional to the related expenses incurred.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(a) Basis of Presentation (continued)

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined and goods and services would have otherwise been purchased.

(b) Full cost

The Authority accounts for all costs and revenues related to services for which it is responsible.

Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. The value of volunteers' contributed services is not reported in the financial statements because a fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Authority participates in the Local Authorities Pension Plan. This multi-employer defined benefit pension plan provides pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plan. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

Note 2 Significant Accounting Policies and Reporting Practices (continued)

(d) Investments

Short-term investments are recorded at the lower of cost and market.

(e) Financial Instruments

The carrying value of accounts receivable, contributions receivable, accounts payable, accrued liabilities and vacation pay approximates their fair value because of the short-term maturities of these items.

(f) Inventories

Inventories are valued at the lower of moving average cost or net replacement value.

(g) Capital Assets

Capital assets and projects in progress are recorded at cost. Capital assets with unit costs less than five thousand dollars are expensed.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Buildings and improvements	20 - 40 years
Land improvements	10 - 20 years
Building service equipment	10 - 20 years
Vehicles and equipment	5 - 20 years

Projects in progress are not amortized until the project is complete.

(h) Measurement Uncertainty

The financial statements by their nature contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could significantly differ from these estimates. Also, the Authority is currently included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST free list of the Alberta Government.

Note 3 Cash and Temporary Investments

	2003	2002
Cash	$ 1,407	$ (899)
Fixed income securities	2,079	2,335
	$ 3,486	$ 1,436

Fixed-income securities represented by guaranteed investments certificates and government bonds are available for immediate liquidation and have a market value approximating cost. They have an average yield of 5.10% per annum based on market for securities maturing within a year, and 5.91% per annum for securities maturing between one and five years. As at March 31, 2003 the securities have the following term structure:

Under 1 year	5.10%
1 to 5 years	5.63% to 6.20%

Note 4 Accounts Receivable

Accounts receivable represent the following:

	2003	2002
Patients	$ 1,448	$ 817
Other	526	532
	$ 1,974	$ 1,349

Note 5 Non-Current Cash

Non-current cash represents the following:

	2003	2002
Deferred capital contributions	$ 4,955	$ 6,447
Less capital contributions receivable	(1,321)	(1,172)
Non-current deferred non-capital contributions	8	8
	$ 3,642	$ 5,283

Note 6 Capital Contributions Receivable

Capital contributions receivable represent the following:

	2003	2002
we-net common opportunities	$ 600	$ 600
Federal equipment	-	297
Northern Lights Regional Health Foundation	721	275
	$ 1,321	$ 1,172

Note 7 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 665	$ -	$ 665	$ 665
Land improvements	3,133	2,979	154	216
Buildings and improvements	41,918	20,874	21,044	21,045
Building service equipment	6,929	5,586	1,343	1,476
Vehicles and equipment	10,968	7,060	3,908	3,068
Projects in progress	3,587	-	3,587	3,036
	$ 67,200	$ 36,499	$ 30,701	$ 29,506

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (*unamortized external capital contributions*)	$ 29,104	$ 27,800
Internally funded (*invested in capital assets*)	1,597	1,706
	$ 30,701	$ 29,506

Projects in progress is comprised of the following:

	2003	2002
Lab medical records renovations	$ 1,265	$ 145
CT Scan - isolation rooms	219	-
Elevator controls - o.r. ventilation system	167	62
Fire alarm upgrade	163	31
Other	1,773	2,798
	$ 3,587	$ 3,036

Note 8 Bank Loan

The bank loan bears interest of prime minus .25%, is secured by a borrowing resolution of the Authority and is due on demand.

Estimated principal repayments are as follows:
For the year ended March 31

2004	$120,000
2005	120,000
2006	120,000
2007	120,000
2008	120,000

Note 9 Deferred Non-Capital Contributions

	2003	2002
Amounts received from		
Alberta Health and Wellness	$ 2,905	$ 1,976
Other government	978	717
Donors	19	4
Investment and other	51	1
Repayment of funds	-	(37)
	3,953	2,661
Amounts recognized as revenue		
Alberta Health and Wellness (Note 13)	(2,408)	(1,811)
Other government (Note 14)	(924)	(774)
Donations	(19)	(15)
Other	(28)	-
	(3,379)	(2,600)
Amounts transferred from (to) deferred capital contributions (Note 10)	51	(5)
Change during the year	625	56
Balance, beginning of year	232	176
Balance, end of year	$ 857	$ 232

Unspent amounts at end of year are restricted for the following purposes:

	2003	2002
Current		
Specialists on Call	$ 270	$ -
Young Families Initiative	201	138
Transition Grants	96	-
Alberta Mental Health Initiatives	66	66
Security of Systems Initiative	55	-
Ambulatory Care System Redevelopment	-	17
Other	161	3
	849	224
Long term		
Employee benefit programs	8	8
	$ 857	$ 232

Note 10 Deferred Capital Contributions

Deferred capital contributions balance represents amounts accounted for in accordance with accounting policy described in Note 2(a).

	2003	2002
Amounts received or receivable		
Restricted Alberta Health and Wellness contributions	$	$ 417
Alberta Infrastructure contributions	340	4,480
Donations restricted for capital purposes	1,172	558
Investment income earned	8	4
AHA Hospitalia Foundation	530	
Other	61	
Funds returned to source		111
Deferred non-capital contributions (Note 9)		5
	2,111	5,463
Transferred to:		
Unamortized external capital contributions (Note 11)	(3,552)	(1,698)
Deferred non-capital contributions (Note 9)	(51)	
Change during the year	(1,492)	3,765
Balance, beginning of year	6,447	2,682
Balance, end of year	$ 4,955	$ 6,447

The balance at the end of year is restricted for the betterment of capital assets.

Note 11 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(a). The balance at end of year represents the external capital contribution that will be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 27,800	$ 28,145
Transfers from deferred capital contributions (Note 10)	3,552	1,698
Less amounts recognized as revenue		
Amortization of external capital contributions		
health operations	(2,204)	(2,037)
ancillary operations (Note 16)	(44)	(6)
Balance, end of year	$ 29,104	$ 27,800

Note 12 Budget

	Original Budget (1)	Adjustments (2)	Reported Budget
Revenue			
Alberta Health and Wellness contributions	$ 39,510	$ (3,651)	$ 35,859
Other government contributions	795		795
Fees and charges	3,242		3,242
Donations	95		95
Net ancillary operations	122		122
Investment and other income	495		495
Amortization of external capital contributions	2,165		2,165
	46,424	(3,651)	42,773
Expenses			
Facility based inpatient acute services	11,413		11,413
Facility based emergency and outpatient service	4,500		4,500
Facility based continuing care services	1,759		1,759
Community and home based services	2,148		2,148
Diagnostic and therapeutic services	8,810		8,810
Promotion, prevention and protection services	2,740		2,740
Administration	3,154		3,154
Information technology and well net (Note 19)	1,129		1,129
Support services	8,252		8,252
Amortization of facilities and improvements	1,914		1,914
	45,819		45,819
Excess (deficiency) of revenue over expenses	$ 605	$ (3,651)	$ (3,046)

(1) The original budget was approved by the Board of the Authority on April 29, 2002, and submitted to the Minister of Health and Wellness.

(2) The Minister of Health and Wellness conditionally approved the budget subject to review of demographic challenges. Conditionally approved funding was not received.

Note 13 Alberta Health and Wellness Contributions

	2003	2002
Unrestricted contributions	$ 33,968	$ 32,543
Transfer from deferred contributions (Note 9)	2,408	1,811
	$ 36,376	$ 34,354

Note 14 Other Government Contributions

	2003	2002
Transfer from deferred contributions (Note 9)		
Alberta Infrastructure	$ 49	$ 6
Other	875	768
	$ 924	$ 774

Note 15 Fees and charges

	2003	2002
Acute care		
Non-entitled revenue - inpatients	$ 1,526	$ 1,318
Non-entitled revenue - outpatients	1,248	1,322
Other	89	60
	2,863	2,700
Continuing care		
Accommodation charges	58	60
Preferred accommodation	284	261
Workers Compensation Board (WCB)	44	44
	386	365
	$ 3,249	$ 3,065

Note 16 Ancillary Operations

	Operations				
	2003				2002
	Non Patient Food Services	Sales and Rental Services	Other Services	Total	Total
Revenue					
Revenue	$ 284	$ 181	$ 31	$ 496	$ 478
Amortization of external capital contributions		29	15	44	6
	284	210	46	540	484
Expenses					
Amortization		54	23	77	6
Other	300	1	212	513	527
	300	55	235	590	533
Excess (deficiency) of revenue over direct expenses 2002-2003	$ (16)	$ 155	$ (189)	$ (50)	
Excess (deficiency) of revenue over direct expenses 2001-2002	$ 17	$ 132	$ (198)	$ (49)	

Note 17 Investment and Other Income

	2003	2002
Unrestricted investment income	$ 179	$ 208
Other income		
Gas rebate		190
Immunization recoveries	144	150
Return for service repayments	48	32
Other recoveries	434	420
	$ 805	$ 1,000

Note 18 Administration

	2003	2002
General Administration		
Administration	$ 740	$ 751
Medical staff	552	569
Board	145	181
	1,437	1,501
Finance	668	682
Personnel	643	1,270
	$ 2,748	$ 3,453

Note 19 Support Services

	2003	2002
Building maintenance, operations and security	$ 3,125	$ 2,994
Housekeeping	1,296	1,300
Patient information	1,353	1,431
Materials management	998	978
Patient food services	859	895
Laundry and linen	348	349
Communications	96	137
Health and safety	106	125
Biomedical engineering	107	107
Health services staffing - administration	101	
Community and volunteer services	53	98
Learning resource centre	70	0
	$ 8,404	$ 8,033

Note 20 Related Parties

(a) Province of Alberta

The Authority was established under the Regional Health Authorities Act. Two-thirds of the members of the Authority were elected. The Minister of Health and Wellness appoints the remaining members. Transactions between the Authority and the Province are disclosed in the Statement of Operations and in Notes 9, 10, 13 and 14 to the financial statements.

(b) Northern Lights Regional Health Foundation

The Authority significantly influences the Northern Lights Regional Health Foundation through its representation on the board of trustees.

Northern Lights Regional Health Foundation	2003	2002
Total assets	$ 2,149	$ 1,987
Total liabilities	1,364	994
Net assets	$ 785	$ 993
Revenues	1,400	1,234
Expenses (includes contributions to the Health Authority)	1,607	942
Excess (deficiency) of revenue over expenses	$ (207)	$ 292

Note 20 Related parties (continued)

(b) Northern Lights Regional Health Foundation (continued)

	Contributions Received by Health Authority		Resources held by Foundation	
	Year ended March 31		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 1,316	$ 661	$ 609	$ 785

The resources of the Foundation amounting to $609 have been restricted by the donors for specific programs of the Northern Lights Regional Health Authority.

Northern Lights Regional Health Foundation prepared financial statements using the deferral method.

The value of administrative support provided to the Foundation and the accounts receivable from the Foundation at year-end is as follows:

	Administrative Support		Accounts Receivable	
	Year ended March 31		At March 31, 2003	
	2003	2002	Externally Restricted	Unrestricted
Northern Lights Regional Health Foundation	$ 132	$ 144	$ 721	$ 9

(c) Contracted Health Service Operators

The Authority contracts with private health service operators to provide health services in the Region.

The amounts for contracted health services, all of which are direct authority funded, are as follows:

	2003	2002
Laboratory contract	$ 2,853	$ 2,306
Community rehabilitation program	231	317
Aboriginal Health Strategy - Nonin Health Board	245	189
	$ 3,329	$ 2,812

The amounts for contracted health services are reported under diagnostic and therapeutic services and promotion, prevention and protection services.

Note 21 Commitments

The Authority is committed under contracts for laboratory services, service contracts and equipment leases to the following payments:

2004	$3,530
2005	327
2006	212
2007	187
2008	56

Note 22 Pension Costs

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $1,022 for the year ended March 31, 2003 (2002 - $748).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of $444,980 (2001 surplus - $634,960).

Note 23 Boundary Realignment

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Order 19 of 2003 dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the Northwestern Regional Health Authority are assumed in total by the Northern Lights Regional Health Authority, which becomes region 9.

Specified assets and liabilities are to be distributed at carrying value by the transferor authority on the basis of their location in, or relationship to the programs provided, in the geographical area transferred to region 9. The remaining insufficiencies in net assets of the transferor authority is to be pooled with surpluses and insufficiencies of the other disestablished regional health authorities and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the aggregate surplus or insufficiency of net assets to Region 9 at March 31, 2003 has yet to be determined.

Note 24 Operating Deficit

The Region is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Region incurred an operating deficit of $78 for the year ended March 31, 2003. In accordance with Section 2.9(3) of the regulation, the Region used previously accumulated unrestricted net assets to offset the deficit.

Note 25 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 26 Approval of Financial Statements

These financial statements have been approved by the Authority.

Schedule 1

NORTHERN LIGHTS REGIONAL HEALTH AUTHORITY

SCHEDULE OF EXPENSES BY OBJECT

FOR THE YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	Budget	2003	2002
Aboriginal Health Authorities (Schedule 2)	$ 28,366	$ 28,122	$ 28,294
Contracts with health service operators (Note 20(a))	3,276	3,329	2,812
Drugs, gases, medicine and surgical supplies	1,623	1,518	1,363
Consulting services	2,457	3,430	2,636
Other	7,538	5,857	5,731
Amortization			
Equipment	611	657	746
Facilities and improvements, health operations	1,914	1,460	1,422
	45,825	44,373	41,209
Less amounts capitalized in auxiliary operations (Note 16)	(0)	(590)	(513)
	$ 45,819	$ 43,783	$ 42,676

SCHEDULE OF SALARIES, BENEFITS AND ALLOWANCES

FOR THE YEAR ENDED MARCH 31, 2003

(1) The average number of individuals is calculated based on a weighted average number of individuals occupying a category or position for the year based on a standard work year except for named individuals.

Full time equivalent (FTE) is determined as follows:

Regulated nurses	1,920.75 - 2,022.75
Other health technical and professionals	1,827.00 - 2,022.75
Unregulated health service providers	1,827.00 - 2,022.75
Other Staff	1,950.00 - 2,186.00

Total actual discrete number of individuals employed was 712 as of March 31, 2003 and 683 as of March 31, 2002.

(2) Salaries includes regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation.

(3) Benefits and allowances included the employers share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

(4) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

(5) Severance includes all monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits.

(6) The total amount is reported in Schedule 1.

Northwestern
#17

Financial Statements of

NORTHWESTERN REGIONAL HEALTH AUTHORITY

March 31, 2003

Deloitte & Touche

Northern Lights Health Region

NORTHWESTERN REGIONAL HEALTH AUTHORITY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Authority. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness and, of necessity, include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Authority has established a code of ethics and corporate directives, which require communication of the code to employees.

The Authority members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, Deloitte & Touche LLP, to discuss and review financial matters, and recommends the financial statements to the Northwestern Regional Health Authority Board for approval. The external auditor has full and free access to the Finance Committee.

Deloitte & Touche LLP provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow them to report on the fairness of the financial statements prepared by management.

Patricia Pelton
Chief Executive Officer

Linda Metz
Vice President Corporate Services
and Chief Financial Officer

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Deloitte & Touche

Auditors' Report

To the Members of the
Northwestern Regional Health Authority
and the Minister of Alberta Health and Wellness

We have audited the statement of financial position of Northwestern Regional Health Authority (the Authority) as at March 31, 2003, and the statements of operations, changes in net assets, and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2003, and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

June 6, 2003

Deloitte
Touche
Tohmatsu

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Financial Position
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
CURRENT		
Cash and temporary investments (Note 3)	$ 2,513	$ 4,002
Accounts receivable	293	213
Contributions receivable	277	149
Inventories	160	174
Prepaid expenses	169	186
	3,412	4,724
NON-CURRENT CASH (Note 4)	8,141	1,795
NON-CURRENT CONTRIBUTIONS RECEIVABLE (Note 5)	-	15,854
CAPITAL ASSETS (Note 6)	33,702	24,677
	$ 45,255	$ 47,050
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	$ 1,136	$ 899
Accrued vacation pay	584	576
Deferred contributions (Note 7)	526	494
	2,246	1,969
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	8,141	17,649
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS (Note 9)	31,224	22,622
	41,611	42,240
COMMITMENTS (Note 11)		
NET ASSETS		
Unrestricted	-	-
Internally restricted (Note 10)	1,166	2,755
Investment in capital assets	2,478	2,055
	3,644	4,810
	$ 45,255	$ 47,050

APPROVED BY

Chief Executive Officer

Chairman of the Board

Deloitte & Touche

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Operations
Year ended March 31, 2003
(thousands of dollars)

	2003		2002
	Budget (Note 12)	Actual	Actual
REVENUES			
Alberta Health and Wellness contributions (Note 13)	$ 17,248	$ 17,353	$ 16,825
Other government contributions (Note 14)	858	929	777
Fees and charges (Note 15)	515	604	383
Ancillary operations - net (Note 16)	-	(2)	(45)
Donations	8	2	3
Investment and other income	110	26	134
Amortization of external capital contributions (Note 9)	1,360	1,509	1,235
	20,099	20,421	19,312
EXPENSES - Schedule 1			
Facility-based inpatient acute care services	4,571	4,841	4,289
Facility-based emergency and outpatient services	375	399	355
Facility-based continuing care services	1,559	1,589	1,523
Community and home-based services	3,112	2,939	2,581
Diagnostic and therapeutic services	2,456	2,460	2,346
Promotion, prevention, and protection services	1,608	1,803	1,534
Research and education	142	128	127
Administration (Note 17)	1,561	1,794	1,412
Information technology	350	393	351
Support services (Note 18)	3,770	4,206	3,604
Amortization of buildings and improvements	850	784	684
Amortization of building service equipment	-	165	192
Write down of capital assets (Note 19)	-	86	-
	20,354	21,587	18,998
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (255)	$ (1,166)	$ 314

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Changes in Net Assets
Year ended March 31, 2003
(thousands of dollars)

	2003				2002
	Unrestricted	Internally Restricted (Note 10)	Investment in Capital Assets	Total	Total
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	$ (1,166)	$ -	$ -	$ (1,166)	$ 314
CAPITAL ASSETS PURCHASED WITH INTERNAL FUNDS	-	(828)	828	-	-
AMORTIZATION ON INTERNALLY FUNDED CAPITAL ASSETS	396	-	(396)	-	-
LOSS ON DISPOSAL OF INTERNALLY FUNDED CAPITAL ASSETS	9	-	(9)	-	-
NET CHANGE	(761)	(828)	423	(1,166)	314
TRANSFER FROM INTERNALLY RESTRICTED	359	(359)	-	-	-
INTERNALLY RESTRICTED FUNDS EXPENDED	402	(402)	-	-	-
BALANCE, BEGINNING OF YEAR	-	2,755	2,055	4,810	4,496
BALANCE, END OF YEAR	$ -	$ 1,166	$ 2,478	$ 3,644	$ 4,810

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Statement of Cash Flow
Year ended March 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES			
OPERATING			
(Deficiency) excess of revenues over expenses	$ (255)	$ (1,166)	$ 314
Items not affecting cash			
Amortization of capital equipment			
Internally funded	310	364	281
Externally funded	586	643	559
Amortization of buildings and improvements			
Internally funded	-	32	30
Externally funded	850	851	751
Amortization of external capital contributions	(1,436)	(1,580)	(1,310)
Loss (gain) on disposal of capital assets - internally funded	(10)	9	(13)
Write down of capital assets (Note 19)	-	86	-
	45	(761)	612
Change in non-cash working capital accounts	324	100	48
Cash (used by) generated from operating activities	369	(661)	660
INVESTING			
Allocation (to) from non-current cash	(6,287)	(6,346)	679
Purchase of capital assets			
Internally funded	(424)	(828)	(384)
Externally funded (Note 9)			
Equipment	(213)	(1,595)	(7,427)
Facilities and improvements	(8,500)	(8,587)	-
Proceeds on disposal of capital equipment	10	-	13
Cash used by investing activities	(15,414)	(17,356)	(7,119)
FINANCING			
Capital contributions received (Note 8)	15,000	674	22,404
Refund of unused capital contributions	-	-	(1)
Repayment of long-term debt	-	-	(6)
Change in non-current contributions receivable	-	15,854	(15,655)
Cash generated from financing activities	15,000	16,528	6,742
(DECREASE) INCREASE IN CASH AND TEMPORARY INVESTMENTS	(45)	(1,489)	283
CASH AND TEMPORARY INVESTMENTS, BEGINNING OF YEAR	3,697	4,002	3,719
CASH AND TEMPORARY INVESTMENTS, END OF YEAR	$ 3,652	$ 2,513	$ 4,002

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1. AUTHORITY, PURPOSE, AND OPERATION

Northwestern Regional Health Authority (the Authority) was established on June 24, 1994, under the authority of the Regional Health Authority Act, Chapter R-10, Revised Statutes of Alberta 2000. The Authority is a registered charity under the Income Tax Act and is therefore exempt from the payment of income tax.

The Authority is responsible for the delivery of appropriate, accessible, and affordable health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore, and enhance physical and mental well-being.

The Authority operates the following facilities and sites:

- High Level General Hospital
- St. Theresa General Hospital
- Rainbow Lake Health Centre
- La Crete Health Centre
- Paddle Prairie Health Centre
- High Level Health Centre
- Fort Vermilion Health Centre
- Zama City Nursing Station
- RHA Corporate Office

Effective April 1, 2003, the assets, liabilities, and net assets of the Authority were assumed by Northern Lights Health Region (Note 22).

2. ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Basis of presentation

These financial statements include all facilities and sites that the Authority operates. The Northern Peace Foundation is not consolidated in these financial statements.

(b) Revenue recognition

These financial statements have been prepared using the deferral method, the key elements of which are:

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2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(b) Revenue recognition (continued)

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year received or receivable.
(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year when related expenses are incurred.
(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.
(iv) Restricted contributions for the purchase of capital assets, which will not be amortized, are recorded as direct increases to net assets.
(v) Unrestricted investment income is recognized in the year it is earned.
(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets or is deferred and recognized as revenue in the year the related expenses are incurred.
(vii) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(c) Full cost

The Authority accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of service is recorded. The fair value transactions recorded consist of the following:

- Revenue earned by contracted health service operators from Ministry of Health and Wellness designated fees and charges are recorded as fees and charges of the Authority. An equivalent amount is recorded as contracted health service operator expense of the Authority.

- Payments made by Alberta Health and Wellness directly to contracted health service operators for health programs are recorded as revenue and an equivalent amount recorded as program expenses as these payments represent part of the cost of the Authority's health programs.

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2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(c) *Full cost (continued)*

- The fair value for use of non-acute care facilities not owned by the Authority and provided to the Authority at zero or nominal rent is recorded as other government contributions and program expenses.

- Other assets, supplies, and service contributions that would otherwise have been purchased are recorded as revenue and expenses at fair value at the date of contribution when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Authority in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in these financial statements because fair value cannot be reasonably determined.

(d) *Employee future benefits*

The Authority participates in the Local Authorities Pension Plan and the Public Service Pension Plan. These multi-employer defined benefit pension plans provide pensions for the Authority's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Authority has insufficient information to apply defined benefit plan accounting.

Pension costs in the financial statements comprise the employer's contributions required for its employees during the year, based on rates expected to provide benefits payable under the pension plans. The Authority does not record its portion of the plans' deficit or surplus.

The Authority fully accrues its obligations for employee non-pension future benefits.

(e) *Cash and temporary investments*

Cash and temporary investments include cash on deposit and fully liquid mutual fund investments. Temporary investments are recorded at lower of cost and market value.

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2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(f) *Inventories*

Inventories are recorded at the lower of cost or net realizable value. Cost is defined as the moving average laid-down cost.

(g) *Financial instruments*

The carrying value of accounts receivable, contributions receivable, and accounts payable and accrued liabilities approximates their fair value because of the short-term maturity of these items.

(h) *Capital assets*

Capital assets and construction in progress are recorded at cost. Capital assets costing less than $2,000 are expensed.

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	2% - 5%
Equipment and building service equipment	5% - 33%
Land improvements	5% - 10%

Construction projects in progress are not amortized until the project is complete. The Authority records a full year of amortization in the year of acquisition. This is consistent with prior years.

(h) *Capital assets (continued)*

Leases transferring substantially all of the benefits and risks of ownership of capital assets to the Authority are accounted for as acquisitions of capital assets financed by long-term obligations.

(i) *Restructuring costs*

Restructuring costs are expensed in the period the decision to restructure is made. If actual costs are unknown at the time of the decision, an estimate is recorded.

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2. ACCOUNTING POLICIES AND REPORTING PRACTICES (continued)

(j) Measurement uncertainty

The financial statements, by their nature, contain estimates and are subject to measurement uncertainty. Amounts recorded for amortization of external capital contributions are based on estimates of the useful life of related assets. Actual results could differ from these estimates. Also, the Authority is currently included in the Goods and Services Tax (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services. This situation could change in the future if the Authority ceases to be part of the GST-free list of the Alberta Government.

3. CASH AND TEMPORARY INVESTMENTS

	2003	2002
Cash	$ 2,513	$ 2,122
Short-term pooled fund units (market - nil; 2002 - $477)	-	477
Fixed income pooled fund units (market - nil; 2002 - $1,009)	-	1,009
U.S. equity pooled fund units (market - nil; 2002 - $109)	-	109
International equities (market - nil; 2002 - $154)	-	154
Canadian equity pooled fund units (market - nil; 2002 - $131)	-	131
	$ 2,513	$ 4,002

4. NON-CURRENT CASH

	2003	2002
Cash	$ 8,141	$ 1,795

All non-current cash represents amounts externally restricted for capital acquisitions.

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2003
(thousands of dollars)

5. NON-CURRENT CONTRIBUTIONS RECEIVABLE

	2003	2002
Alberta Health and Wellness	$ -	$ 213
Alberta Infrastructure	-	15,641
	$ -	$ 15,854

The amounts due from Alberta Health and Wellness and Alberta Infrastructure are for capital acquisitions.

6. CAPITAL ASSETS

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings and improvements	$ 20,744	$ 7,472	$ 13,272	$ 12,211
Equipment and building service equipment	12,579	8,637	3,942	2,560
Well net	69	49	20	34
Land improvements	749	679	70	65
Land	234	-	234	234
Construction in progress	16,164	-	16,164	9,573
	$ 50,539	$ 16,837	$ 33,702	$ 24,677

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions) - Note 9	$ 31,224	$ 22,622
Internally funded (invested in capital assets)	2,478	2,055
	$ 33,702	$ 24,677

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7. DEFERRED CONTRIBUTIONS

	2003	2002
Amounts received:		
Restricted Alberta Health and Wellness contributions		
ICD 10	$ -	$ 43
Telehealth	70	40
Child Health Initiative	20	20
Early Childhood Development	187	202
Specialist on call	69	83
Health Innovation Fund	-	27
Rural on call	273	274
Donations	51	45
Other	-	41
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 13)	(540)	(422)
Donations	(2)	(3)
Other	(42)	-
Amounts receivable in 2001 not received from Alberta Health and Wellness due to program cancellation:		
Archival Blood Review	-	(47)
Amounts repaid in 2003 to Alberta Health and Wellness due to program cancellation		
Archival Blood Review	(2)	-
Amounts transferred to deferred capital contributions:		
ICD 10 funding (Note 8)	-	(13)
Donations (Note 8)	(52)	(34)
Change during the year	32	256
Balance, beginning of year	494	238
Balance, end of year	$ 526	$ 494

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2003
(thousands of dollars)

7. DEFERRED CONTRIBUTIONS (continued)

Unspent amounts at the end of the year are restricted for the following purposes:

	2003	2002
Current		
ICD 10	$ 15	$ 28
Telehealth	29	7
Early Childhood Development	290	202
Specialist on call	83	83
Alberta Cancer Board Grant	5	41
Health Innovation Fund	80	98
Healthy Aging	7	7
Donations	17	20
Community Health Council Grant	-	6
Archival Blood Review	-	2
	$ 526	$ 494

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8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2(b).

	2003	2002
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ -	$ 205
Restricted other government contributions	530	22,022
Restricted other contributions	92	130
ICD 10 funding restricted for capital purposes (Note 7)	-	13
Donations restricted for capital purposes (Note 7)	52	34
	674	22,404
Transferred to:		
Refund to APWSS	-	(1)
Unamortized external capital contributions (Note 9)	(10,182)	(7,427)
	(10,182)	(7,428)
Change during the year	(9,508)	14,976
Balance, beginning of year	17,649	2,673
Balance, end of year	$ 8,141	$ 17,649
Balance at the end of the year is restricted for the following purposes:		
Equipment replacement, building, and site upgrades	$ 928	$ 959
New construction		
High Level General Hospital - new facility	7,172	16,609
Lottery funding - medical equipment	6	6
Telehealth funding	35	75
	$ 8,141	$ 17,649

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9. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions reflect transactions accounted in accordance with the accounting policy described in Note 2(b). The balance at year-end represents the external capital contribution that will be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 22,622	$ 16,505
Add amounts transferred from:		
Deferred capital contributions (Note 8)	10,182	7,427
	32,804	23,932
Less amounts recognized as revenue:		
Northwestern Regional Health Authority	(1,509)	(1,235)
Ancillary operations (Note 16)	(71)	(75)
Balance, end of year	$ 31,224	$ 22,622

10. INTERNALLY RESTRICTED NET ASSETS

The Authority has internally restricted the following amounts for:

	2003	2002
Operating reserve fund	$ 111	$ 1,149
Innovative funding	-	199
Capital projects and equipment	177	180
Future equipment replacement	797	1,164
Programs	81	63
	$ 1,166	$ 2,755

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11. COMMITMENTS

The Authority is committed to several contracts and is required to make the following minimum payments over the next five years:

	Equipment Leases	Healthcare Service Contracts	Equipment Maintenance Contracts	Total Commitments
2004	$ 50	$ 343	$ 30	$ 423
2005	34	-	23	57
2006	4	-	23	27
2007	-	-	21	21
2008	-	-	15	15

The total contract cost for the construction of the new High Level General Hospital as at May 28, 2003, is $21,275, of which the Authority has paid $11,205.

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12. BUDGET

	2002/03 Approved Budget[1]	Additional Funding	Adjustments	2002/03 Reported Budget
Revenues:				
Alberta Health and Wellness contributions	$ 17,248	$ -	$ -	$ 17,248
Other government contributions	858	-	-	858
Fees and charges	515	-	-	515
Ancillary operations - net	-	-	-	-
Donations	8	-	-	8
Investment and other income	110	-	-	110
Amortization of external capital contributions	1,360	-	-	1,360
	20,099	-	-	20,099
Expenses:				
Facility-based inpatient acute care services	4,571	-	-	4,571
Facility-based emergency and outpatient services	375	-	-	375
Facility-based continuing care services	1,559	-	-	1,559
Community and home-based services	3,112	-	-	3,112
Diagnostic and therapeutic services	2,456	-	-	2,456
Promotion, prevention, and protection services	1,608	-	-	1,608
Research and education	142	-	-	142
Administration	1,561	-	-	1,561
Information technology	350	-	-	350
Support services	3,770	-	-	3,770
Amortization of buildings and improvements	850	-	-	850
	20,354	-	-	20,354
Deficiency of revenues over expenses	$ (255)	$ -	$ -	$ (255)

(1) The budget was approved by the Board of the Authority on April 10, 2002, and approved by the Minister of Health and Wellness.

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13. ALBERTA HEALTH AND WELLNESS CONTRIBUTIONS

	2003	2002
Unrestricted contributions	$ 16,813	$ 16,403
Transfers from deferred contributions (Note 7)	540	422
	$ 17,353	$ 16,825

14. OTHER GOVERNMENT CONTRIBUTIONS

	2003	2002
Alberta Mental Health Board	$ 790	$ 708
Fair value of rent less rent charges for non-acute care facilities used by the Authority	97	69
Restricted transfers from deferred contributions (Note 7)	42	-
	$ 929	$ 777

15. FEES AND CHARGES

	2003	2002
Acute care		
Non-entitled revenue - inpatients	$ 20	$ 22
Non-entitled revenue - outpatients	39	42
Continuing care		
Non-entitled revenue	365	139
Federal government	4	2
Workers' Compensation Board (WCB)	131	156
Other	45	22
	$ 604	$ 383

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2003
(thousands of dollars)

16. ANCILLARY OPERATIONS

	2003			2002
	Non-Patient Food Services Operations	Property Management Operations	Total	Total
Revenues				
Revenues	$ 106	$ 160	$ 266	$ 230
Amortization of deferred capital contributions	-	71	71	75
	106	231	337	305
Expenses				
Other expenses	160	88	248	257
Amortization	-	91	91	93
	160	179	339	350
(Deficiency) excess of revenues over direct expenses	$ (54)	$ 52	$ (2)	$ (45)

17. ADMINISTRATION

	2003	2002
General administration	$ 294	$ 211
Corporate administration	714	411
Board of Directors	146	134
Finance	347	369
Personnel	232	242
	1,733	1,367
Amortization of capital assets	61	45
	$ 1,794	$ 1,412

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18. SUPPORT SERVICES

	2003	2002
Building maintenance, operations, and security	$ 1,664	$ 1,476
Patient food services	736	674
Materials management	650	517
Patient health records	306	241
Communications	135	136
Laundry and linen	161	139
Patient registration	104	119
Fleet management	33	41
Patient transportation	73	78
Other	194	72
	4,056	3,493
Amortization of capital assets	150	111
	$ 4,206	$ 3,604

19. WRITE DOWN OF CAPITAL ASSETS

During the year, the Authority recorded a writedown of $86 to reduce the Paddle Prairie Health Centre's carry value to its fair market value.

20. RELATED PARTY TRANSACTIONS

Province of Alberta

The Authority is established under the Regional Health Authority Act. Two-thirds of the members of the Authority are elected. The Minister of Health and Wellness appoints the remaining members. The Authority is economically dependent upon the Ministry of Health and Wellness since the viability of its ongoing operations depends on contributions from the Ministry. Transactions between the Authority and the Province are disclosed in the statement of operations and Notes 8, 12, 13, 14 and 22 to the financial statements. Included in contributions receivable is $221 (2002 - $362) due from Alberta Health and Wellness.

Health authorities

The Authority shares a common relationship with other Health Authorities by way of its relationship with the Province of Alberta. Transactions between the Authority and other Health Authorities are reported in the statement of operations.

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2003
(thousands of dollars)

20. RELATED PARTY TRANSACTIONS (continued)

Northern Peace Foundation

The Northern Peace Foundation (the Foundation) was established in 1996 and is considered to be significantly influenced by the Authority. The Foundation is not consolidated in these financial statements.

The incorporation of this Foundation was done under the Regional Health Authorities Act and is a registered charity under the Income Tax Act. The Foundation was incorporated for the purpose of raising funds to benefit the Authority.

	2003	2002
Total assets	$ 17	$ 17
Total liabilities	2	1
Net assets	$ 15	$ 16
Revenue	$ -	$ -
Expenses	1	1
Deficiency of revenues over expenses	$ (1)	$ (1)

Contributions received by Authority Year ended March 31		Resources held by Foundation at March 31, 2003	
2003	2002	Externally Restricted	Unrestricted
$ -	$ -	$ -	$ 15

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20. RELATED PARTY TRANSACTIONS (continued)

Private health service operators

The Authority contracts with private health service operators to provide health services in the Region. The health service operators and the amount of the contracted health services for the year are as follows:

	Direct Authority Funding	Approved Patient Fees and Charges	2003 Total	2002 Total
Dynacare Kasper Medical Labs	$ 315	$ -	$ 315	$ 279
			2003	2002
Reported in the following expense categories				
Diagnostic and therapeutic services			$ 315	$ 279

21. PENSION COSTS

The Authority participates in the Local Authorities Pension Plan, which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equivalent to the Authority's annual contributions payable of $477 for the year ended March 31, 2003 (2002 - $437).

At December 31, 2002, the Local Authorities Pension Plan reported a deficit of $444,980 (2001 - surplus of $634,960).

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Notes to the Financial Statements
Year ended March 31, 2003
(thousands of dollars)

22. RESTRUCTURING OF HEALTH OPERATIONS

On December 19, 2002, the Minister of Health and Wellness announced that the number of Regional Health Authorities will be reduced to nine, effective April 1, 2003.

Pursuant to Ministerial Orders 19 and 27 dated March 28, 2003, effective April 1, 2003, the assets and liabilities of the Authority are assumed by the Northern Lights Health Region, which becomes Region 9.

The assets and liabilities of the Authority will be assumed in part by the Northern Lights Health Region at carrying value. The remaining surplus in net assets of the Authority is to be pooled with surpluses and insufficiencies of other disestablished regional health authorities, and the aggregate surplus or insufficiency allocated to the continuing regional health authorities on a defined population basis.

The allocation of the aggregate surplus of net assets of the Authority to Region 9 at March 31, 2003, has yet to be determined.

Severance costs associated with the cessation of the Authority on April 1, 2003 are disclosed in Schedule 2.

23. OPERATING DEFICIT

The Authority is prohibited by Section 2.9(2) of the Regional Health Authorities Regulation from incurring an annual operating deficit. The Authority incurred an operating deficit of $1,166 for the year ended March 31, 2003. Any actions required under the Regulation as a result of incurring the operating deficit lapse on April 1, 2003, the date the Authority ceases to exist (Note 22).

24. COMPARATIVE FIGURES

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

25. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Authority.

Deloitte & Touche

NORTHWESTERN REGIONAL HEALTH AUTHORITY
Expenses by Object
Year ended March 31, 2003
(thousands of dollars)

Schedule 1

	Budget	2003	2002
Salaries and honoraria, benefits and allowances, and severance - Schedule 2	$ 13,563	$ 13,514	$ 12,199
Contracts with health service operators (Note 20)	279	315	279
Drugs, gases, medical and surgical supplies	553	723	610
Consulting services	152	332	343
Other *	4,404	5,066	4,296
Amortization			
Capital equipment - internally funded	310	364	281
- externally funded	586	643	559
Facilities and improvement	850	883	781
Write down of capital assets - facilities and improvements	-	86	-
	20,697	21,926	19,348
Less amounts reported in ancillary operations (Note 16)	343	339	350
	$ 20,354	$ 21,587	$ 18,998

* Significant components of Other include the following:

	2003	2002
Utilities	$ 647	$ 481
Recruitment/relocation/retention	519	372
Travel	350	370
Rural on call	273	274
Food supplies	258	222
Equipment and software maintenance contracts	249	222
Rental or lease of equipment	184	180
Departmental supplies	155	172
Lab and diagnostic imaging supplies	134	124
Rental or lease of facilities	129	160
Minor equipment	93	106

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NORTHWESTERN REGIONAL HEALTH AUTHORITY
Salaries and Honoraria, Benefits and Allowances, and Severance
Year ended March 31, 2003
(thousands of dollars)

Schedule 2

	2003					2002				
	Number of individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total	Number of individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (3)	Total
AUTHORITY/BOARD COMPENSATION										
RHA Chairperson										
Armann, R. (Since November 1, 1998)	1.0	$ 15	$ 1	$ -	$ 16	1.0	$ 19	$ -	$ -	$ 19
RHA Members										
Brewster, D. (ceased membership October 2001)	-	-	-	-	-	1.0	1	-	-	1
Bunchert, G	1.0	11	-	-	11	1.0	8	-	-	8
Durham, B	1.0	10	-	-	10	1.0	8	-	-	8
Haverfield, P	1.0	13	-	-	13	1.0	9	-	-	9
Neufeld, B	1.0	14	-	-	14	1.0	10	-	-	10
Nimrock, M	1.0	9	-	-	9	1.0	2	-	-	2
Sabrosky, L. (ceased membership October 2001)	-	-	-	-	-	1.0	4	-	-	4
Sauer, D	1.0	10	-	-	10	1.0	3	-	-	3
Wasnak, F	1.0	10	-	-	10	1.0	13	-	-	13
Subtotal Authority/Board Compensation	9.0	$ 94	$ 1	$ -	$ 95	10.0	$ 77	$ -	$ -	$ 77

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NORTHWESTERN REGIONAL HEALTH AUTHORITY — Schedule 2 (continued)

Salaries and Honoraria, Benefits and Allowances, and Severance

Year ended March 31, 2003
(thousands of dollars)

	2003						2002					
	Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total		Number of Individuals (1)	Salaries and Honoraria (2)	Benefits and Allowances (3)	Severance (4)	Total
Salaried Authority/Board Compensation	9.0	$ 94	$ 1	$ -	$ 95		10.0	$ 77	$ -	$ -	$ 77
OTHER AUTHORITY/BOARD COMPENSATION											
Executive Director											
Unruh, R.	1.0	179	14	198	391		1.0	127	11	-	138
Management positions reporting to the Executive Director											
Executive Assistant	0.6	36	6	-	42		0.0	24	4	-	28
Director, Health Services East	1.0	111	13	-	124		1.0	89	11	-	100
Director, Corporate Services	1.0	111	14	159	284		1.0	100	11	-	111
Regional Director, Communications	1.0	102	14	208	324		1.0	79	11	-	90
Director, Health Services, West	1.0	102	14	-	116		1.0	81	11	-	92
Other management personnel (reporting to above) (org. 2003 - $32,136; 2002 - $78,465)	13.6	488	133	19	1,136		14.0	975	123	-	1,098
(including amounts)											
(org. 2003 - $61,037; 2002 - $113,180)											
Other health provided and professionals	76.0	4,771	979	-	6,750		74.0	3,874	445	-	4,319
Other health provided and professionals (org. 2003 - $32,649; 2002 - $33,426)											
(including overtime)											
Unregulated health service providers (org. 2003 - $34,196; 2002 - $35,831)	41.3	1,994	232	-	2,226		41.4	1,972	246	20	2,238
Other Staff	33.7	982	176	-	1,158		34.2	1,071	155	-	1,226
(org. 2003 - $13,639; 2002 - $11,642)	91.2	2,649	418	-	3,067		89.9	2,473	372	-	2,846
Salaried Other Authority/Board Compensation	262.3	11,234	1,680	946	13,860		260.1	10,964	1,390	21	12,375
Total	271.2	$ 11,488	$ 1,681	$ 946	$ 13,954		270.1	$ 10,781	$ 1,383	$ 21	$ 12,190

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NORTHWESTERN REGIONAL HEALTH AUTHORITY — Schedule 2 (continued)

Salaries and Honoraria, Benefits and Allowances, and Severance

Year ended March 31, 2003
(thousands of dollars)

1. Full-time equivalent has been determined by dividing the actual number of hours worked by the annual hours required to be considered full time for the following categories based on contracts in place during the year:

Executive Director	1,957.50 hours
Community Health and Home Care Employees	1,957.50 hours
Registered Nurses (UNA Local 124)	1,914.75 hours
CUPE, HSAA and CHCG Employees	2,022.75 hours
All others not included above	1,957.50 hours

Total actual discrete number of individuals employed: 2003 - 297 (2002 - 319).

2. Salaries and honoraria include regular base pay, overtime, lump-sum payments, honoraria, and any other direct cash remuneration including sick leave, short-term disability, and vacation.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out-of-country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation, and tuition.

4. The Chief Executive Officer is provided with an automobile. No dollar amount is included under benefits and allowances.

5. Severance expenses include all monies paid or payable directly or on behalf of an employee upon termination that are not included in salaries and benefits and forgiveness of debt; future payments in the amount of nil on existing contracts between the Authority/Board and the employee(s) for services that no longer will be provided by the employee; continued payment for Authority/Board share of benefits identified in 2 above that will continue to be paid and outplacement training and counselling, office space and administrative support.

6. The total amount is reported in Schedule 1.

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Alberta Mental
Health Board

ALBERTA MENTAL HEALTH BOARD

FINANCIAL STATEMENTS

MARCH 31, 2003

Statement of Management's Responsibility

Auditor's Report

Statement of Financial Position

Statement of Operations

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 - Schedule of Expenses by Object

Schedule 2 - Schedule of Salaries, Honoraria, Benefits, Allowances and Severance

Schedule 3 - Schedule of Continuing and Noncontinuing Operations

AUDITOR GENERAL Alberta

AUDITOR'S REPORT

To the Members of the Alberta Mental Health Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Mental Health Board (the "Board") as at March 31, 2003, and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

FCA
Auditor General

Edmonton, Alberta
May 31, 2003

ALBERTA MENTAL HEALTH BOARD
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
FINANCIAL STATEMENTS
MARCH 31, 2003

The accompanying financial statements are the responsibility of management and have been approved by the Alberta Mental Health Board ("AMHB"). The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the Financial Directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The AMHB has established a code of ethics and corporate directives, which require communication of the code to employees.

The AMHB directors carry out their responsibility for the financial statements through the Resources Committee of the Board. This Committee meets with management and the Auditor General to discuss and review financial matters, and recommends the financial statements to the AMHB for approval. The Auditor General has full and free access to the Resources Committee of the AMHB directors.

The Auditor General provides an independent audit of the financial statements. Their examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures which allow them to report on the fairness of the financial statements prepared by management.

Ray Block
Acting Chief Executive Officer

Dave Buist
Chief Financial Officer

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF FINANCIAL POSITION
March 31, 2003
(thousands of dollars)

	2003	2002
ASSETS		
Current:		
Cash and temporary investments (Note 3)	$ 46,205	$ 42,596
Accounts receivable	2,677	2,876
Contributions receivable (Note 4)	566	1,229
Inventories	861	849
Prepaid expenses	540	4,006
	50,849	51,556
Non-current cash and temporary investments (Note 3)	15,825	11,665
Capital contributions receivable (Note 4)	-	40,405
Capital assets (Note 5)	123,625	97,863
TOTAL ASSETS	$ 190,299	$ 201,489
LIABILITIES AND NET ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 22,507	$ 20,298
Accrued vacation pay	8,855	8,995
Deferred contributions (Note 6)	4,748	5,263
Accrued restructuring costs (Note 1b)	2,861	-
	38,971	34,556
Deferred capital contributions (Note 7)	14,709	47,987
Unamortized external capital contributions (Note 8)	116,616	88,345
	170,296	170,888
Commitments and contingencies (Note 9)		
Net assets:		
Unrestricted	6,278	2,725
Internally restricted (Note 10)	6,716	18,358
Investment in capital assets	7,009	9,518
	20,003	30,601
TOTAL LIABILITIES AND NET ASSETS	$ 190,299	$ 201,489

The accompanying notes and schedules are part of these financial statements.

Page 2

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Budget (Note 11)	2003 Actual	2002 Actual
Revenues			
Alberta Health and Wellness contributions (Note 12)	$ 235,400	$234,465	$ 220,818
Other government contributions (Note 13)	11,854	13,702	11,565
Fees and charges (Note 14)	2,373	3,523	2,739
Ancillary operations, net (Note 15)	1,346	(336)	(163)
Donations	21	50	52
Investment and other income (Note 16)	4,391	4,238	5,167
Amortization of external capital contributions, current operations (Note 8)	3,067	3,380	3,086
Total revenues	258,452	259,022	243,264
Expenses (Schedule 1)			
Facility-based inpatient services	60,995	60,533	57,964
Facility-based emergency and outpatient services	9,723	10,578	9,215
Facility-based continuing care services	17,274	17,680	17,266
Community and home-based services	95,910	94,749	91,264
Diagnostic and therapeutic services	22,164	19,909	18,781
Promotion, prevention and protection services	2,410	2,323	2,990
Research and education	948	1,039	1,046
Administration (Note 17)	15,025	13,994	14,604
Information technology	5,526	5,506	5,456
Support services (Note 18)	34,214	34,180	30,210
Amortization of facilities and improvements	1,858	2,247	1,905
Total expenses prior to net restructuring costs	266,047	262,738	250,701
Deficiency of revenues over expenses prior to net restructuring costs	(7,595)	(3,716)	(7,437)
Restructuring costs, net (Note 1b)		6,882	
Deficiency of revenues over expenses	$ (7,595)	$ (10,598)	$ (7,437)

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Unrestricted	2003 Internally Restricted (Note 10)	2003 Investment in Capital Assets	2003 Total	2002 Total
Balance at beginning of year	$ 2,725	$ 18,358	$ 9,518	$ 30,601	$ 38,038
Deficiency of revenues over expenses	(10,598)	-	-	(10,598)	(7,437)
Capital assets purchased with internal funds	(2,080)	-	2,080	-	-
Amortization on internally funded capital assets	1,763	-	(1,763)	-	-
Net book value of disposals of internally funded capital assets	14	-	(14)	-	-
Write-down of internally funded capital assets	2,812	-	(2,812)	-	-
	(5,364)	18,358	7,009	20,003	30,601
Transfer from internally restricted net assets, net (Note 10)	11,642	(11,642)	-	-	-
Balance at end of year	$ 6,278	$ 6,716	$ 7,009	$ 20,003	$ 30,601

ALBERTA MENTAL HEALTH BOARD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

		2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):				
Operating activities:				
Deficiency of revenues over expenses		$ (7,595)	$ (10,598)	$ (7,437)
Non-cash transactions:				
Amortization of capital assets	- internally funded	2,221	1,763	2,132
	- externally funded	1,209	1,133	1,181
Amortization of facilities and improvements		1,858	2,247	1,905
Amortization of external capital contributions (Note 8)		(3,067)	(3,380)	(3,086)
Revenue recognized on write-down of externally funded capital assets (Note 8)		-	(2,270)	-
Write-down of capital assets (Note 1b)	- internally funded	-	2,812	-
	- externally funded	-	2,270	-
Loss on disposal on internally funded capital assets		-	14	5
Gain on sale of investments		-	(343)	(167)
		(5,374)	(6,352)	(5,467)
Change in non-cash working capital accounts (Note 19)		(3,362)	8,731	724
Cash generated from (used by) operations		(8,736)	2,379	(4,743)
Investing activities:				
Purchase of capital assets:				
Internally funded	- equipment	(2,221)	(1,891)	(1,313)
	- facilities and improvement	-	(189)	(36)
Externally funded (Note 8)	- equipment	(1,876)	(3,110)	(481)
	- facilities and improvement	(42,198)	(30,811)	(37,417)
Proceeds on sale of investments		11,665	12,599	8,759
Purchase of investments		-	(591)	(9,569)
Decrease in capital contributions receivable (Note 4)		40,406	40,405	3,417
Cash restricted for non-current purposes (Note 3)		-	(15,825)	-
Cash generated from (used by) investing activities		5,776	587	(36,640)
Financing activities:				
Capital contributions received, net (Note 7)		-	643	38,998
Cash generated from financing activities		-	643	38,998
Increase (decrease) in cash and temporary investments		(2,960)	3,609	(2,385)
Cash and temporary investments, beginning of the year		41,738	42,596	44,981
Cash and temporary investments, end of the year (Note 3)		$ 38,778	$ 46,205	$ 42,596

ALBERTA MENTAL HEALTH BOARD
NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2003

Note 1 Alberta Mental Health Board, Purpose and Restructuring of Mental Health Operations

(a) Purpose

The Alberta Mental Health Board ("the Board") was established on April 1, 1999 by Alberta Regulation 84/99 (AR84/99). The regulation states that the Board shall carry out the following purposes on a province-wide basis:

- To promote, preserve and restore the mental health of Albertans and work towards the prevention of mental disorders;
- To assess the mental health of Albertans on an ongoing basis;
- To deliver or coordinate the delivery of mental health services in Alberta;
- To promote and act as an advocate for the provision of mental health services in a manner that is responsive to the needs of individuals and communities and supports the integration of services and facilities;
- To develop and monitor standards for, and monitor performance in, the delivery of mental health services;
- To determine priorities in the provision of mental health services in Alberta and allocate resources accordingly;
- To ensure reasonable access to quality mental health services; and
- To engage in and promote research in matters related to mental health.

Prior to and including March 31, 2003, the Board was responsible for delivering appropriate, accessible and affordable mental health services in Alberta. This responsibility includes operating programs designed to promote, protect, maintain, restore and enhance physical and mental well-being.

Operations of the Board include the following facilities and sites:

- Alberta Hospital Edmonton;
- Alberta Hospital Ponoka;
- Claresholm Care Centre;
- Raymond Care Centre; and
- Seventy-eight permanent community mental health clinics.

The Board is exempt from payment of income tax and is a registered charity under the Income Tax Act.

(b) Restructuring of Mental Health Operations

Details of the Government's restructuring plan for mental health services were announced by the Minister of Alberta Health and Wellness on January 23, 2003, as follows:

- The majority of mental health programs and services are to be transferred to the regional health authorities ("RHAs") on a geographic basis. The four mental health facilities are to be transferred to and managed by their respective RHAs but retain their status as provincial resources;

- Current funding for mental health services will remain in place for the period April 1, 2003 to March 31, 2004 in order to maintain existing service levels; and

- The Board will retain governance of province wide services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. The Board will also work with the individually expanded health regions to establish provincial program councils to advocate and promote mental health through education and awareness.

As a result of the implementation of this restructuring plan, substantially all of the Board's operating assets and liabilities are to be transferred to the RHAs effective April 1, 2003. The Board's residual cash and net assets remaining after this transfer will be allocated amongst the Board and the RHAs according to a mutually agreed upon distribution formula. The Board expects the transfer of assets, liabilities and the remaining surplus to occur by June 30, 2003.

Schedule 3 presents the Board's results of operations for the year ended March 31, 2003 segregated into operations which are expected to continue under the Board in the future and operations that will not continue under the Board.

Accrued restructuring costs of $2,861,000 comprises restructuring expenditures prior to March 31, 2003 and a provision for fiscal 2004 expenditures relating to the restructuring.

The net restructuring costs included in the Board's statement of operations for the year ended March 31, 2003 are comprised of the following:

	(thousands of dollars)
Write-down of capital assets [1]	$ 5,082
Severance, and salaries of transitional personnel	2,910
Professional fees	968
Other restructuring expenses	192
	$ 9,152
Amortization of external capital contributions on write-down of capital assets (Note 8) [1]	$ (2,270)
Net restructuring costs	$ 6,882

[1] In order to harmonize capitalization thresholds with the RHAs, the Board recorded a write-down on capital assets with an original cost less than $5,000 that are to be transferred.

Note 2 Significant Accounting Policies and Reporting Practices

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. Following are the significant accounting policies.

(a) Revenue Recognition

These financial statements have been prepared using the deferral method of accounting, which requires the following:

(i) Unrestricted operating grants and other contributions are recognized as revenue in the year becoming receivable.

(ii) Externally restricted capital contributions are recorded as deferred capital contributions until the amount is invested in capital assets. Amounts subsequently invested in capital assets are transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense, including write-downs of the funded capital assets is recorded.

(iii) Externally restricted non-capital contributions are recorded as deferred contributions and recognized as revenue in the same year the related expenses are incurred. When deferred contributions are invested in capital assets the related amounts are transferred to deferred capital contributions and then to unamortized external capital contributions. This allows the future amortization expense relating to the capital assets to be appropriately offset by the amortization of unamortized external capital contributions.

(iv) Restricted contributions to purchase capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized as revenue in the year it is earned.

(vi) Donations and contributions in kind are recorded at fair value when such value can reasonably be determined.

(b) Full Cost

The Board accounts for all costs and revenues related to services carried out for which it is responsible.

The fair value of costs of services is recorded in the financial statements. Fair value transactions as recorded consist of the following:

(i) Alberta Health and Wellness payments directly to contracted health service operators are recorded as revenue and an equivalent amount recorded as program expense as these payments represent part of the cost of the Board's programs.

(ii) The fair value for use of non-acute care facilities not owned by the Board and provided to the Board at zero or nominal rent is recorded as other government contributions and as program expenses.

(iii) Other assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee Future Benefits

The Board participates in the Local Authorities Pension Plan, the Public Service Pension Plan and the Management Employees Pension Plan. These are multi-employer defined benefit pension plans that provide pensions for the Board's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer's contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plans. The Board's portion of the pension plans' deficit or surplus is not recorded by the Board.

(d) Cash and Temporary Investments

Cash and temporary investments comprise cash and investments with maturity dates of less than one year from date of purchase.

Temporary investments are recorded at lower of cost and quoted market value.

(e) Investments

Non-current investments are recorded at cost. The cost of disposal is determined on the average cost basis and gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in the value of an investment, other than a temporary decline, the investment is written down to its net realizable value. The full-value of the write-down is recognized in the statement of operations in the period the write-down occurs.

(f) Inventories

Inventories are held for consumption and are valued at the lower of cost on a first-in first-out basis and replacement cost.

(g) Capital Assets

Capital assets and construction in progress are recorded at cost.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful Life
Facilities and improvements	10 to 40 years
Furniture and equipment	5 to 15 years

Construction in progress is not amortized until the project is complete and the asset is available for use.

(h) Financial Instruments

The carrying value of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accrued liabilities, accrued vacation pay, and accrued restructuring costs, approximates fair value because of the short-term maturity of these items.

The carrying value of capital contributions receivable approximates its fair value because the Board expects to collect these amounts in the next fiscal year.

The Board does not have any off-balance sheet financial instruments.

(i) Restructuring Costs (see Note 1b)

Restructuring costs and related revenues have been recorded in the period the restructuring plan was approved by the Minister of Alberta Health and Wellness. Revenues have been offset against the related restructuring expenses.

(j) Use of Estimates

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The effect on the financial statements of changes in estimates in future periods could be material.

Note 3 Cash and Temporary Investments

	2003	2002
	(thousands of dollars)	
(a) Current		
Cash	$ 46,205	$ 20,353
Temporary investments	-	22,243
	$ 46,205	$ 42,596
(b) Non-current		
Cash	$ 15,825	$ -
Bonds	-	11,665
	$ 15,825	$ 11,665

Non-current cash and temporary investments represent the following:

	2003	2002
	(thousands of dollars)	
Externally restricted for capital purposes (Note 7)	$ 14,709	$ 8,363
Internally restricted for capital purposes (Note 10)	1,116	2,897
Unrestricted funds invested in non-current investments	-	405
	$ 15,825	$ 11,665

Note 4 Contributions and Capital Contributions Receivable

	2003	2002
	(thousands of dollars)	
Non-capital		
Alberta Health and Wellness	$ 561	$ 1,029
Alberta Infrastructure - capital maintenance	-	200
Other	5	-
	$ 566	$ 1,229
Capital		
Alberta Infrastructure - AHP redevelopment	$ -	$ 38,530
Federal government	-	1,875
	$ -	$ 40,405

Note 5 Capital Assets

	2003			2002
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Land	$ 2,831	$ -	$ 2,831	$ 2,831
Facilities and improvements	143,663	53,548	90,115	37,851
Furniture and equipment	22,531	16,660	5,871	8,909
Construction in progress	24,808	-	24,808	48,272
	$ 193,833	$ 70,208	$ 123,625	$ 97,863

In 2003, $23,150,000 (2002 - $47,385,000) of the construction in progress relates to the AHP Redevelopment Phase III in Ponoka.

Capital assets have been funded from the following sources:

	2003	2002
	(thousands of dollars)	
Externally funded		
Land *(net asset invested in land)*	$ 2,831	$ 2,831
Other *(unamortized external capital contributions)*	116,616	88,345
Internally funded *(net assets invested in other capital assets)*	4,178	6,687
	$ 123,625	$ 97,863

Note 6 Deferred Contributions

The deferred contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (iii).

	2003	2002
	(thousands of dollars)	
Amounts received from:		
Alberta Health and Wellness contributions	$ 980	$ 1,432
Other government contributions	7,140	8,661
Other contributions	30	245
	8,150	10,338
Transferred from (to) deferred capital contributions (Note 7)		
Alberta Health and Wellness	-	(17)
Other government contributions		
Alberta Infrastructure - capital maintenance	(988)	(278)
Alberta Infrastructure - AHP redevelopment - demolition costs, etc	1,420	765
Other	146	(4)
	578	466
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (Note 12)	(1,385)	(2,252)
Other government contributions (Note 13)	(7,744)	(6,573)
Other contributions	(114)	(274)
	(9,243)	(9,099)
Change during the year	(515)	1,705
Balance, beginning of year	5,263	3,558
Balance, end of year	$ 4,748	$ 5,263

Deferred contributions are restricted for the following purposes:

	2003	2002
	(thousands of dollars)	
Alberta Health and Wellness contributions		
Calgary Diversion project	$ 682	$ 624
we net - Telemental Health - operational	36	-
Transition security of systems	98	-
we net - Telemental Health - scheduling	-	92
Early Childhood Development project	-	431
Eating Disorders	-	58
ICD-10-CA CCI project	-	16
Other government contributions		
Alberta Infrastructure - capital maintenance	3,581	3,445
Student Health Initiative	235	396
Health and Welfare Canada	50	50
Alberta Learning - School of Nursing operations	33	34
Other contributions		
Research study	26	85
Legacy funding	-	22
Miscellaneous	7	10
	$ 4,748	$ 5,263

Note 7 Deferred Capital Contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in Note 2a (ii).

	2003	2002
	(thousands of dollars)	
Amounts received from (returned to):		
Other government contributions - AHP redevelopment	$ 1,107	$ -
Other government contributions - new equipment	114	366
Other government contributions - new construction	-	39,573
Returned to funding source - betterment of capital assets	-	(154)
Returned to funding source - new equipment	-	(321)
	1,221	39,464
Transferred from (to) deferred contributions:		
Alberta Health and Wellness (Note 6)	-	17
Capital maintenance (Note 6)	988	278
Alberta Infrastructure (Note 6)	(1,420)	(765)
Other (Note 6)	(146)	4
	643	38,998
Transferred to amortized external capital contributions (Note 8)	(33,921)	(37,898)
Change during the year	(33,278)	1,100
Balance, beginning of year	47,987	46,887
Balance, end of year	$ 14,709	$ 47,987

Deferred capital contributions are restricted for the following purposes:

New construction	$ 14,469	$ 46,653
Betterment of capital assets	232	238
New equipment	8	1,096
	$ 14,709	$ 47,987

Included as part of:

Non-current cash and investments (Note 3)	$ 14,709	$ 8,363
Capital contributions receivable	-	39,624
	$ 14,709	$ 47,987

Note 8 Unamortized External Capital Contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (ii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
	(thousands of dollars)	
Balance at beginning of year	$ 88,345	$53,533
Add amounts transferred from:		
Deferred capital contributions (Note 7)	33,921	37,898
Less amortization of external capital contributions:		
Current operations	(3,380)	(3,086)
Write-down of capital assets (Note 1b)	(2,270)	-
	$ 116,616	$88,345

Note 9 Commitments and Contingencies

(a) Operating Leases

As a result of the restructuring activities described in Note 1b, commitments related to the transferred operations will be assumed by the RHAs on April 1, 2003.

The Board has operating leases which continue beyond April 1, 2003 for photocopiers, fax machines and vehicles as follows:

	Leases
	(thousands of dollars)
For the year ended March 31	
2004	$ 171
2005	41
2006	3
2007 and thereafter	-
	$ 215

(b) AHP Redevelopment Phase III

The Board has committed to a capital upgrade project at the Alberta Hospital Ponoka site in the amount of $101,000,000. Total costs to date are $81,718,000 and contributions to date total $96,187,000. The capital cost, the deferred capital contributions of $14,469,000 (see Note 7), and the unfulfilled commitment are to be transferred to David Thompson Health Region on April 1, 2003.

(c) Contingencies

Action has been brought against the Board for payment of $12,851,706, which the plaintiff believes is owed by the Board for providing additional services allegedly agreed to by the Board during the construction of the sewage treatment facility at Alberta Hospital Ponoka which was completed in fiscal 2001. There are also potential claims for severance to certain Board employees resulting from the divestiture on April 1, 2003 of mental health clinics from the Board to regional health authorities.

Management believes it has a valid defence against these existing and potential claims. It is not possible at this time to determine the amount, if any, for which the Board may eventually be liable and as such, no amounts have been recorded as liabilities at this time. If the Board expects to realize a loss, it will be accounted for in the period in which it is considered likely to be incurred.

Note 10 Internally Restricted Net Assets

	2003	2002
	(thousands of dollars)	
The Board has internally restricted the following amounts for:		
Capital:		
Capital upgrades	$ 1,116	$ -
AHP Redevelopment Phase III	-	1,200
Future equipment replacement	-	733
Capital projects	-	964
	1,116	2,897
Non-capital:		
Non-recurring costs of 2004 resulting from the transfer of services	1,600	-
Telemental Health	1,500	1,500
Forensic Psychiatry	1,223	-
Research and administration	277	-
Sewage treatment facility	1,000	-
Indigent patients' comfort allowance	-	2,000
Staff development	-	3,000
Foundation operations	-	3,000
Information systems enhancement	-	2,500
Research and evaluation	-	1,500
Aboriginal Services	-	1,000
Homefront Project	-	420
Alberta Hospital Edmonton Research Fund	-	320
Young Offenders Demo Project	-	146
Operational commissioning tasks AHP	-	75
	5,600	15,461
	$ 6,716	$18,358

Note 11 Budget

The 2003 budget was approved by the Board on April 29, 2002, and approved by the Minister of Health and Wellness on June 27, 2002.

Note 12 Alberta Health and Wellness Contributions

	2003 Actual	2002 Actual
	(thousands of dollars)	
Unrestricted contributions	$231,080	$216,566
Transfers from deferred contributions (Note 6)	1,385	2,252
Restricted contribution paid directly by Alberta Health and Wellness to contract service operators (Note 20c)	2,000	2,000
	$234,465	$220,818

Note 13 Other Government Contributions

	2003 Actual	2002 Actual
	(thousands of dollars)	
Fair-value of use of non-owned facilities		
Mental health clinics and administration offices	$ 3,754	$ 3,040
Claresholm and Raymond Care Centres	2,204	1,952
	5,958	4,992
Restricted transfers from deferred contributions (Note 6)		
Alberta Infrastructure	1,734	1,249
Student Health Initiative	4,235	3,578
Service recoveries	1,674	1,350
Contracted service surplus funds	-	168
Sundry	101	228
	$ 7,744	$ 6,573
	$13,702	$ 11,565

Note 14 Fees and Charges

	2003	2002
	(thousands of dollars)	
Continuing care		
Non-residents charges	$ 2,162	$ 1,299
Accommodation charges	1,098	1,184
Preferred accommodation	25	-
Workers Compensation Board	180	114
Federal Government	58	142
	$ 3,523	$ 2,739

Note 15 Ancillary Operations

	2003				2002
	Non-Patient Food Services Operations	Rental and Laundry Operations	Parking and Other Operations	Total	Total
	(thousands of dollars)				
Revenues	$ 728	$ 820	$ 75	$ 1,623	$ 1,753
Expenses					
Direct expenses	1,141	772	46	1,959	1,899
Amortization	-	-	-	-	17
	1,141	772	46	1,959	1,916
Excess (deficiency) of revenues over expenses 2003	$ (413)	$ 48	$ 29	$ (336)	
Excess (deficiency) of revenues over expenses 2002	$ (279)	$ 108	$ 8		$ (163)

Note 16 Investment and Other Income

	2003 Actual	2002 Actual
	(thousands of dollars)	
Unrestricted investment income	$ 1,726	$ 2,330
Other income	2,512	2,837
	$ 4,238	$ 5,167

Investment income is comprised of interest income and net gains on the disposal of investments.

Other income comprises primarily revenues from vocational rehabilitation programs and cost recoveries from all mental health programs.

Note 17 Administration

	2003 Actual	2002 Actual
	(thousands of dollars)	
General administration	$ 8,732	$ 8,807
Finance	2,486	2,711
Personnel	2,776	3,086
	$ 13,994	$ 14,604

Note 18 Support Services

	2003 Actual	2002 Actual
	(thousands of dollars)	
Building maintenance, operations and security	$ 16,149	$ 12,665
Patient food services	6,580	6,554
Housekeeping	3,756	3,555
Laundry and linen	1,186	1,309
Materials management	1,381	1,336
Patient transportation	1,314	1,202
Patient services	657	684
Patient health records	1,083	1,024
Education	1,116	966
Communications	669	691
Volunteer services	214	171
Bio-medical	75	62
	$ 34,180	$ 30,210

Note 19 Change in Non-Cash Working Capital Accounts

	2003	2002
	(thousands of dollars)	
Accounts receivable	$ 199	$ 682
Contributions receivable	663	(764)
Inventories	(12)	(59)
Prepaid expenses	3,466	(3,405)
Accounts payable and accrued liabilities	2,209	2,414
Accrued vacation pay	(140)	151
Deferred contributions	(515)	1,705
Accrued restructuring costs	2,861	-
	$ 8,731	$ 724

Note 20 Related Parties

(a) Province of Alberta

The Board is established under the Regional Health Authorities Act. Transactions between the Board and the Province of Alberta are disclosed in the Statement of Operations and in Notes 4, 6, 7, 12 and 13.

(b) Alberta Hospital Edmonton Foundation

The Alberta Hospital Edmonton Foundation (the "Foundation") is not consolidated in the Board's financial statements as the Board cannot exercise control over the Foundation. The Board has the right to appoint a member to the Foundation's Board, which consists of 6 voting members.

During the year, the Board received $15,108 (2002 - $8,675) of contributions from the Foundation in the form of grants. The resources held by the Foundation comprise $14,663 (2002 - $2,136) of unrestricted funds, $234,535 (2002 - $234,535) of internally restricted funds and $21,700 (2002 - $21,700) of endowments to support mental health programs.

During the year the Board contributed $58 (2002 - $55,064) to support the operations of the Foundation.

In fiscal 2003, responsibility for the administration of $12,878 in donations was transferred to the Board from the Foundation.

Note 20 Related Parties (continued)

(c) Contract Service Operators

The Board contracts with contract service operators to provide mental health services in the Province. The contract service operators and the amount of the contracted health services for the year are as follows:

	2003 Actual	2002 Actual
	(thousands of dollars)	
Contract service operators:		
Calgary Health Region	$ 13,565	$ 13,538
Capital Health Authority	5,153	5,020
Child and Adolescent Services Association	3,710	3,622
Canadian Mental Health Association	3,428	3,307
Wood's Homes	2,058	2,056
Other regional health authorities	1,953	1,761
Other contract service operators [1]	16,310	16,433
	$ 46,177	$ 45,737
Reported in the following expense categories:		
Facility-based inpatient services	$ 7,160	$ 7,084
Facility-based emergency and outpatient services	322	322
Community and home based services	38,695	38,331
	$ 46,177	$ 45,737

[1] Included as part of other contract service operators is $2,000,000 paid directly by Alberta Health and Wellness (see Note 12).

Note 21 Pension Costs

The Board participates in the Local Authorities Pension Plan, Public Service Pension Plan and Management Employee Pension Plan, which are multi-employer defined benefit plans. The pension expense recorded in these financial statements is equivalent to the Board's annual contributions payable of $12,185,060 for the year ended March 31, 2003 (2002 - $10,976,415).

At December 31, 2002, the Local Authorities Pension Plan reported a deficiency of $444,980,000 (2001 - $634,960,000 surplus). 99.00% of the Board's employees eligible for pension plan participation are registered in the Local Authorities Pension Plan.

At December 31, 2002, the Public Service Pension Plan reported a deficiency of $175,528,000 (2001 - $320,487,000 surplus). 0.90% of the Board's employees eligible for pension plan participation are registered in the Public Service Pension Plan.

At December 31, 2002, the Management Employee Pension Plan reported a deficiency of $301,968,000 (2001 - $5,338,000 surplus). 0.10% of the Board's employees eligible for pension plan participation are registered in the Management Employee Pension Plan.

Note 22 Comparative Figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 23 Approval of Financial Statements

These financial statements have been approved by the Board of Directors.

Schedule 1

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF EXPENSES BY OBJECT
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$166,125	$162,927	$151,463
Contracts with health service operators (Note 20(c))	44,586	46,177	45,737
Drugs, gases, medical and surgical supplies	3,725	4,010	3,883
Other contracted services	12,739	15,246	15,179
Other expenses [1]	35,750	35,264	31,137
Amortization:			
Capital assets - internally funded	1,929	1,763	2,132
Capital assets - externally funded	1,209	1,133	1,181
Facilities and improvements	1,858	2,247	1,905
Write-down of capital assets (Note 1b)	-	5,082	-
	267,921	273,849	252,617
Less amounts reported in ancillary operations (Note 15)	(1,874)	(1,959)	(1,916)
Less amounts reported as restructuring costs (Note 1b)	-	(9,152)	-
	(1,874)	(11,111)	(1,916)
	$266,047	$262,738	$250,701
[1] Other expenses			
Facility rent	$ 6,192	$ 7,188	$ 6,068
Food supplies	3,101	3,164	3,381
Travel	3,257	3,219	3,598
Utilities	4,489	5,958	3,381
General supplies	2,321	2,720	2,841
Miscellaneous	16,390	13,015	11,868
	$ 35,750	$ 35,264	$ 31,137

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

Schedule 2

	2003				2002			
	Number of [illegible]	Salaries and Honoraria (includes accrual)	Benefits and [illegible]	Total	Number of [illegible]	Salaries and Benefits	Salaries Benefits	Total
Board Members								
Board Chairman	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vice Chairman	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Board Members	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vacancies	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vacancies Other	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Secretary Status	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Previous board members	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total honoraria	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Staff								
Chief Executive Officer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acting Chief Executive Officer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acting Chief Executive Officer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Acting Chief Executive Officer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Executive Director Administrative Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Executive Director Provincial Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chief of Staff and Director Provincial Programs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Executive Director Community Mental Health Services	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other management services employees in senior offices	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Senior Officers (Note 2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other Senior Officers (Note 2) and severance	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Revised notes not included above	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other health services and in-demands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unrelated health service providers	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Other staff	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total staff	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Net accumulated information on the following page

(1) The Executive Director Provincial Services, acting Chief Executive Officer for the period January 2002 to May 2002. The Executive Director Provincial Services position was not filled by another individual during this time period.

(2) The Executive Director Administrative Services, acting Chief Executive Officer for the period June 2002 to May 2003. The Executive Director Administrative Services position was filled by another individual during this time period.

Schedule 2 (continued)

SCHEDULE OF SALARIES, BENEFITS, ALLOWANCES AND SEVERANCE
FOR THE YEAR ENDED MARCH 31, 2003

1. Number of Individuals consist of full-time equivalents except for Board members.
Full time equivalent ("FTE") has been determined as follows:

	Employees of The Board (hours per year)	
Acting Chief Executive Officer		2,023
Management persons reporting to the Acting CEO		2,023
Other management person(s) reporting to those above		2,023
Other management		2,023
Regulated nurses not included above		2,023
Other health technicians and professionals	1,892	2,023
Unregulated health service providers	1,892	2,023
Other staff	1,892	2,023

Total actual discrete number of individuals employed in 2003 - 3,898 (2002 - 3,583).

2. Salaries include regular base pay, overtime, lump sum payments, honoraria and any other direct cash remuneration including sick leave, short-term disability and vacation. Individuals under contract by the Board are not reflected in this schedule.

3. Benefits and allowances include the employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, out of country medical benefits, group life insurance, accidental death and dismemberment, long-term disability plans, Canada Pension Plan, employment insurance, workers compensation and tuition.

4. The Acting Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

5. Severance includes:

All monies paid directly or on behalf of an employee upon termination which are not included in salaries and benefits and continued payment of the Board's share of benefits identified in 3 above, that will continue to be paid and outplacement training and counseling office space and administrative support.

6. The total amount of salaries is reported in Schedule 1, Expenses by Object, which includes 2003 - $604,458 (2002 - $468,497) in salaries reported in Note 15, Ancillary Operations.

Schedule 3

ALBERTA MENTAL HEALTH BOARD
SCHEDULE OF CONTINUING AND NONCONTINUING OPERATIONS (See Note 1b)
FOR THE YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003 Continuing (1)	2003 Noncontinuing (2)	2003 Total
Revenues			
Alberta Health and Wellness contributions (3)	$ 28,751	$ 205,714	$ 234,465
Other government contributions	-	13,702	13,702
Fees and charges	-	3,523	3,523
Ancillary operations, net	-	(336)	(336)
Donations	-	50	50
Investment and other income	-	4,238	4,238
Amortization of external capital contributions	-	3,380	3,380
Total Revenues	28,751	230,271	259,022
Expenses			
Facility-based inpatient services	14,361	46,172	60,533
Facility-based emergency and outpatient services	4,130	6,448	10,578
Facility-based continuing care services	-	17,680	17,680
Community and home-based services	1,700	93,049	94,749
Diagnostic and therapeutic services	4,664	15,245	19,909
Promotion, prevention and protection services	222	2,101	2,323
Research and education	853	186	1,039
Administration	2,602	11,392	13,994
Information technology and alberta we net	219	5,287	5,506
Support services	-	34,180	34,180
Amortization of facilities and improvements	-	2,247	2,247
Total expenses prior to net restructuring costs	28,751	233,987	262,738
Deficiency of revenues over expenses prior to net restructuring costs	-	(3,716)	(3,716)
Restructuring costs, net (Note 1b)	-	6,882	6,882
Deficiency of revenues over expenses	$ -	$ (10,598)	$ (10,598)

(1) Continuing operations of the Board include the governance of province wide programs and services such as Forensic Psychiatry, Suicide Prevention, Aboriginal Mental Health and Telemental Health. The Board will also work with the individually expanded health regions to establish provincial program councils to advocate and promote mental health through education and awareness.

(2) Noncontinuing operations represent revenues and expenses of the Board that will not continue as operations of the Board after March 31, 2003. These programs will continue under the Regional Health Authorities.

(3) Management has allocated sufficient Alberta Health and Wellness contributions to continuing operations to cover the expenses related to continuing operations.

Alberta Cancer
Board

ALBERTA CANCER BOARD

FINANCIAL STATEMENTS

MARCH 31, 2003

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AUDITOR GENERAL *Alberta*

AUDITORS' REPORT

To the Members of the Alberta Cancer Board
and the Minister of Health and Wellness

I have audited the statement of financial position of the Alberta Cancer Board as at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on our audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Canada
May 26, 2003

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements are the responsibility of management and have been approved by the Board. The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the financial directives issued by Alberta Health and Wellness, and of necessity include some amounts that are based on estimates and judgments.

To discharge its responsibility for the integrity and objectivity of financial reporting, management maintains a system of internal accounting controls comprising written policies, standards and procedures, a formal authorization structure, and satisfactory processes for reviewing internal controls. This system is designed to provide management with reasonable assurance that transactions are in accordance with governing legislation, are properly authorized, reliable financial records are maintained, and assets are adequately accounted for and safeguarded. The Board has established a code of ethics and corporate directives, which require communication of the code to employees.

The Board members carry out their responsibility for the financial statements through the Finance Committee. This Committee meets with management and the external auditor, the Auditor General of Alberta, to discuss and review financial matters, and recommends the financial statements to the Alberta Cancer Board for approval. The external auditor has full and free access to the Finance Committee.

The external auditor, the Auditor General of Alberta, provides an independent audit of the financial statements. His examination is conducted in accordance with Canadian generally accepted auditing standards and includes tests and other procedures, which allow him to report on the fairness of the financial statements prepared by management.

Dr. Jean-Michel Turc
President and Chief Executive Officer

Simon Brown, C.A.
Director of Finance

ALBERTA CANCER BOARD

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2003

(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
ASSETS			
Current:			
Cash and temporary investments (note 3)	$ 6,399	$ 6,105	$ 13,395
Accounts receivable	4,000	6,825	5,138
Contributions receivable	2,000	8,399	3,261
Inventories	3,000	4,527	4,334
Prepaid expenses	846	770	776
	16,245	26,626	26,904
Non-current cash and investments (note 4)	34,483	29,165	31,597
Capital assets (note 5)	140,006	134,040	133,689
TOTAL ASSETS	$ 190,734	$ 189,831	$ 192,190
LIABILITIES AND NET ASSETS			
Current:			
Accounts payable	$ 18,115	$ 19,114	$ 19,719
Accrued vacation pay	3,750	4,237	3,900
Deferred contributions (note 6)	17,027	15,448	15,621
	38,892	38,799	39,240
Deferred capital contributions (note 7)	2,750	5,394	11,067
Unamortized external capital contributions (note 8)	124,504	119,256	118,813
	166,146	163,449	169,120
Net assets:			
Unrestricted	5,930	5,242	2,975
Internally restricted	3,156	6,356	5,219
Investment in capital assets	15,502	14,784	14,876
Operating net assets	24,588	26,382	23,070
TOTAL LIABILITIES AND NET ASSETS	$ 190,734	$ 189,831	$ 192,190

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003 Budget (note 10)	2003 Actual	2002 Actual
Revenues:			
Alberta Health and Wellness contributions (note 11)	$ 151,751	$ 156,825	$ 133,481
Other government contributions (note 12)	811	1,005	977
Fees and charges (note 13)	2,258	4,035	2,470
Ancillary operations, net (note 14)	150	487	201
Donations	3,976	4,751	2,831
Investment and other income (note 15)	22,326	18,043	17,986
Amortization of external capital contributions	10,249	11,125	9,797
TOTAL REVENUE	191,521	196,271	167,743
Expenses (Schedule 1):			
Facility based inpatient acute care services	11,435	11,371	11,318
Facility based outpatient services	51,098	49,698	44,642
Community services	17,323	18,882	16,189
Diagnostic and therapeutic services	45,566	47,856	44,116
Promotion, prevention and screening services	8,747	8,343	7,266
Research and education	21,780	20,791	19,070
Administration (note 16)	5,582	5,218	5,443
Information technology	7,041	7,118	4,204
Support services (note 17)	18,813	19,520	17,830
Amortization of facilities and improvements, cancer operations	4,136	4,202	3,935
TOTAL EXPENSES	191,521	192,999	174,013
Excess (deficiency) of revenues over expenses	$ –	$ 3,272	$ (6,270)

The accompanying notes and schedules are part of these financial statements.

3

ALBERTA CANCER BOARD
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003 Unrestricted	2003 Internally restricted	2003 Investment in capital assets	2003 Total	2002 Total
Excess (deficiency) of revenues over expenses	$ 3,272	$	$	$ 3,272	$ (6,270)
Capital assets purchased with internal funds	(893)	(1,983)	2,876		
Amortization of internally funded capital equipment	2,894		(2,894)		
Net book value of internally funded capital equipment disposals	114		(114)		
Transfers from external contributions			40	40	137
Net change	5,387	(1,983)	(92)	3,312	(6,133)
Transfer to internally restricted					
Capital reserve	(593)	593			
Research reserve	(2,527)	2,527			
Balance, beginning of year	2,975	5,219	14,876	23,070	29,203
Balance, end of year	$ 5,242	$ 6,356	$ 14,784	$ 26,382	$ 23,070

The accompanying notes and schedules are part of these financial statements.

4

ALBERTA CANCER BOARD
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2003

(thousands of dollars)

	2003 Budget	2003 Actual	2002 Actual
Cash generated from (used by):			
Operating activities:			
Excess (deficiency) of revenues over expenses	$	$ 3,272	$ (6,270)
Non-cash transactions:			
Amortization of capital equipment:			
– internally funded	2,500	2,894	2,443
– externally funded	7,061	6,939	5,827
Amortization of facilities and improvements	4,117	4,379	4,159
Amortization of external capital contributions (note 8)	(11,178)	(11,318)	(9,986)
Loss on disposal of internally funded capital equipment		114	162
Write down of investments		1,330	1,997
	2,500	7,610	(1,668)
Change in non-cash working capital accounts	3,315	(7,453)	11,704
Cash generated from operations	5,815	157	10,036
Investing activities:			
Purchase of investments	(2,400)	(49,985)	(52,659)
Proceeds on sale of investments		48,677	50,198
Purchase of capital assets:			
Internally funded	(3,263)	(2,876)	(4,320)
Externally funded (note 8)			
– equipment	(12,874)	(11,886)	(8,933)
– facilities and improvements	(3,858)	(1,698)	(6,343)
Decrease in non-current cash		2,410	
Contributed artwork collection put into service		(3)	(137)
Cash used by investing activities	(22,395)	(15,361)	(22,194)
Financing activities:			
Capital contributions received, net	8,415	7,911	14,760
Contribution of artwork collection		3	137
Cash generated from financing activities	8,415	7,914	14,897
Increase (decrease) in cash	(8,165)	(7,290)	2,739
Cash and temporary investments, beginning of year	14,564	13,395	10,656
Cash and temporary investments, end of year	$ 6,399	$ 6,105	$ 13,395

The accompanying notes and schedules are part of these financial statements.

ALBERTA CANCER BOARD
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2003

(thousands of dollars)

Note 1 Authority, purpose and operations

The Alberta Cancer Board (the "Board") was initially established in 1967 and now operates under the authority of the Cancer Programs Act Chapter C-2, Revised Statutes of Alberta, 2000.

The Board is exempt from the payment of income tax.

The Board provides cancer services to Albertans through research, diagnosis, treatment, education and prevention programs and it coordinates, in cooperation with others, the planning, development and delivery of provincial cancer services.

The operations of the Board include the following facilities and sites:

- Cross Cancer Institute – Edmonton
- Tom Baker Cancer Centre – Calgary
- Regional Cancer Clinics – Grande Prairie, Red Deer, Lethbridge and Medicine Hat
- Community Cancer Centres – Camrose, Hinton, Barrhead, Bonnyville, Drumheller, High River, Peace River, Fort McMurray, Canmore, Lloydminster and Drayton Valley
- Breast screening sites – Edmonton and Calgary – plus three mobile vans
- Edmonton Radio-pharmaceutical Centre – Edmonton
- Southern Alberta Cancer Research Centre – Calgary

These financial statements do not include assets, liabilities and operations of any voluntary or private facilities providing health services in the Province of Alberta, nor the Alberta Cancer Foundation. Information on these entities is disclosed in note 18.

Note 2 Summary of significant accounting policies and reporting practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and the reporting requirements of Financial Directive 20 issued by Alberta Health and Wellness. The following are the significant accounting policies:

(a) Revenue recognition:

These financial statements have been prepared using the deferral method, the key elements of which are:

(i) Unrestricted operating grants and other contributions are recognized as revenue on becoming receivable.

(ii) Externally restricted non-capital contributions are deferred and recognized as revenue in the year proportional to the related expenses incurred.

(iii) Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortization expense of the funded capital asset is recorded.

(iv) Restricted contributions for the purchase of capital assets which will not be amortized are recorded as direct increases to net assets.

(v) Unrestricted investment income is recognized in the year it is earned.

(vi) Investment income subject to external restrictions is, depending on the nature of the restrictions, recorded as a direct increase to net assets, or is deferred and recognized as revenue in the year the related expenses are incurred.

(vii) Donations and contributions in kind are recorded at fair value when such value can be reasonably determined.

Note 2 Summary of significant accounting policies and reporting practices, continued

(b) Full cost:

The Board accounts for all costs and revenues related to services carried out for which it is responsible. The fair value of costs of services is recorded.

Any assets, supplies and service contributions that would otherwise have been purchased are recorded as revenue and expenses, at fair value at the date of contribution, when a fair value can be reasonably determined. Volunteers contribute a significant amount of time each year to assist the Board in carrying out its programs and services. However, contributed services of volunteers are not recognized as revenue and expenses in the financial statements because fair value cannot be reasonably determined.

(c) Employee future benefits:

The Board participates in the Public Service Pension Plan. This plan is a multi-employer defined benefit pension plan that provides pensions for the Board's participating employees, based on years of service and earnings.

Defined contribution plan accounting is applied to a multi-employer defined benefit plan for which the Board has insufficient information to apply defined benefit plan accounting.

Pension costs included in these financial statements comprise the amount of employer contributions required for its employees during the year, based on rates which are expected to provide for benefits payable under the pension plan. The Board's portion of the pension plan deficit or surplus is not recorded by the Board.

The Board fully accrues its obligations for employee non-pension future benefits.

(d) Investments:

Investments are recorded at cost. Cost includes the amount of applicable amortization of discounts or premiums using the straight-line method over the period to maturity. The cost of disposal is determined on the average cost basis. Gains or losses realized on disposal are recognized in the period of disposal.

Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

Note 2 Summary of significant accounting policies and reporting practices, continued

(e) Financial instruments:

The carrying values of cash and temporary investments, accounts receivable, contributions receivable, accounts payable and accrued vacation pay approximate their fair values because of the short-term maturities of these items. The fair value of non-current cash and investments is disclosed in note 4.

(f) Inventories:

Inventories are recorded at the lower of cost and net realizable value.

(g) Capital assets:

Capital assets and construction projects in progress are recorded at cost.

The contributed artwork collection is recorded at its fair value at the date of contribution.

Capital assets are amortized over their estimated useful lives on a straight-line basis as follows:

	Useful life
Buildings	40 Years
Buildings service systems	10 – 20 Years
Parkade	30 Years
Equipment	5 – 15 Years
Motor vehicles	5 Years

Construction projects in progress are not amortized until the projects are complete.

The Wellnet Integrated Cancer Care Network consists of equipment and development costs. Equipment is amortized when put into use and development costs will be amortized once the system is fully implemented.

The artwork collection is not amortized.

(h) Trust funds:

The Board administers certain trust funds on behalf of third parties. As related trust assets are not owned by the Board, transactions related to the receipt and disbursement of these funds are not reflected in these financial statements but are disclosed in note 20.

Note 2 Summary of significant accounting policies and reporting practices, continued

(i) Measurement uncertainty:

The financial statements by their nature, contain estimates and are subject to measurement uncertainty. The amounts recorded for amortization of capital assets and amortization of external capital contributions are based on estimates of the useful life of the related assets. Actual results could differ from these estimates.

Also the Board is included in the Goods and Services (GST) free list of Alberta Government entities and therefore does not record or pay GST on purchased supplies and services.

Note 3 Cash and temporary investments

	2003	2002
Cash on deposit (cheques issued in excess of cash on hand)	$ 2,904	$ (372)
CCITF – Operations	3,201	13,767
	$ 6,105	$ 13,395

The Consolidated Cash Investment Trust Fund ("CCITF") of the Province of Alberta is a demand account managed by Alberta Finance with the objective of providing competitive interest income to depositors while maintaining security and liquidity of depositors' capital. Interest is earned on the daily cash balance and the average rate of earnings of the CCITF varies depending on prevailing market interest rates. The rate of return for the year ended March 31, 2003 was 2.84% (March 31, 2002 – 3.96%).

The Board has a line of credit available from its banker in the amount of $1 million at the bank's prime rate. The line of credit was not accessed during the year.

Note 4 Non-current cash and investments

	2003		2002	
	Cost	Fair Value	Cost	Fair Value
Investments:				
Money market securities	$ 2,037	$ 2,037	$ 1,161	$ 1,161
Fixed income securities:				
Canadian federal and provincial government bonds	5,444	5,492	9,305	9,120
Corporate bonds and debentures	5,401	5,540	3,719	3,774
Canadian equities	10,325	9,540	9,089	10,285
United States and foreign equities	4,292	4,005	4,247	4,247
	27,499	26,614	27,521	28,587
Cash	1,666	1,666	4,076	4,076
	$ 29,165	$ 28,280	$ 31,597	$ 32,663

The carrying value of certain investments is in excess of fair market value at March 31, 2003. The Board's management has reduced the carrying value of the Canadian and foreign equities by an amount which they have determined to be the decline in value that is other than temporary. The carrying value would be reduced to fair market value in those circumstances where the decline in value is other than temporary. In management's best judgment, based on a thorough review with both its investment advisors and the Alberta Cancer Board Board of Trustees, the balance of the decline in value is deemed to be temporary.

(i) To earn optimal financial returns at an acceptable level of risk, the Board has established a policy asset mix of 0 – 10% for cash and cash equivalents, 40 – 70% for fixed income instruments, and 20% – 60% for equities. Risk is reduced through asset class diversification, diversification within each asset class and quality constraints on fixed income and equity instruments.

Note 4 Non-current cash and investments, continued

(ii) Publicly traded fixed income securities are managed with the objective of providing optimal returns while maintaining maximum security of capital. Return is optimized within risk constraints on the portfolio by management of portfolio duration and issuer mix and limiting investments to instruments with a rating of A or higher by the Dominion Bond Rating Service.

Fixed income securities have an average effective yield of 6.13% per annum for securities maturing between 1 and 32 years. As at March 31, 2003, the securities have the following term structure based on par:

	%
Under 1 year	68
1 to 5 years	12
5 to 10 years	8
Over 10 years	12
	100%

(iii) Risk is reduced by limiting exposure to any one stock to 5% of the total equity market value and through the advice from an independent investment advisor who uses prudent security selection and sector rotation.

Non-current cash and investments represent the following:

	2003	2002
Externally restricted for capital acquisitions (note 7)	$ 5,394	$ 11,067
Internally restricted net assets	6,356	5,219
Unrestricted	17,415	15,311
	$ 29,165	$ 31,597

Note 5 Capital assets

	2003			2002
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 4,556	$	$ 4,556	$ 4,556
Art	141		141	137
Buildings	83,794	33,309	50,485	45,959
Buildings service systems	36,837	21,078	15,759	17,218
Parkade	5,507	2,476	3,031	3,220
Equipment	98,212	47,332	50,880	43,793
Motor vehicles	274	206	68	76
Construction in progress	886		886	6,550
Wellnet Integrated Cancer Care Network	7,676	1,476	6,200	6,686
Deposits on equipment	2,034		2,034	5,494
	$ 239,917	$ 105,877	$ 134,040	$ 133,689

Capital assets have been funded from the following sources:

	2003	2002
Externally funded (unamortized external capital contributions) (note 8)	$ 119,256	$ 118,813
Internally funded (net assets invested in capital assets)	14,784	14,876
	$ 134,040	$ 133,689

Cost includes the appraised value at March 31, 1989 of the original Cross Cancer Institute land and building transferred to the Board from the Province of Alberta on that date.

In the same year, the Mewburn Veterans Centre was transferred from Alberta Infrastructure to the Alberta Cancer Board. The appraised value of the building at the time of transfer was $5,620. The Board entered into a long-term lease of the Centre to the Capital Health Authority for a nominal rent and accordingly, the building has been recorded at nominal value.

Note 5 Capital assets, continued

In July, 1989, the Board and the University of Alberta jointly completed the construction of a parkade on land owned by the University adjoining the Cross Cancer Institute. The Board incurred expenditures of $5,507 on the parkade which amounted to 62.5% of the cost of the parkade. In return, the University granted the Board 62.5% of the use of the parkade rent-free until the year 2009, with two additional five year renewal terms. The Board pays a portion of the parkade's operating costs.

Note 6 Deferred contributions

	2003	2002
Amounts received:		
Alberta Health and Wellness contributions	$ 6,841	$ 8,552
Other government contributions	1,024	977
Donations	5,239	2,995
Research agencies and other income	8,573	10,801
	21,677	23,325
Amounts recognized as revenue:		
Alberta Health and Wellness contributions (note 11)	(10,197)	(7,331)
Other government contributions (note 12)	(1,005)	(977)
Donations	(4,325)	(2,620)
Research agencies and other income	(6,323)	(8,713)
	(21,850)	(19,641)
Change during the year	(173)	3,684
Balance, beginning of year	15,621	11,937
Balance, end of year	$ 15,448	$ 15,621

Note 6 Deferred contributions, continued

Unspent amounts at end of year are restricted for the following purposes:

	2003	2002
Operating grants	$ 3,531	$ 4,477
Research grants	11,917	11,144
	$ 15,448	$ 15,621

Note 7 Deferred capital contributions

The deferred capital contributions balance represents amounts accounted for in accordance with the accounting policy described in note 2a (iii).

	2003	2002
Amounts received:		
Restricted Alberta Health and Wellness contributions	$ 530	$ 3,778
Restricted other government contributions	1,965	7,950
Donations restricted for capital purposes	739	2,333
Other capital contributions and interest	5,212	1,038
	8,446	15,099
Transfers:		
Operating revenue – amounts used for minor capital expenditures expensed	(535)	(339)
	7,911	14,760
Transfers:		
Unamortized external capital contributions (note 8)	(13,584)	(15,276)
Change during the year	(5,673)	(516)
Balance, beginning of year	11,067	11,583
Balance, end of year	$ 5,394	$ 11,067

Balance at end of year is restricted for the following purposes:

	2003	2002
Equipment replacement	$ 2,508	$ 7,675
Betterment of capital assets	1,108	1,201
New construction	–	771
New equipment – Centre for Biological Imaging and Adaptive Radiotherapy	1,778	1,420
	$ 5,394	$ 11,067

Note 8 Unamortized external capital contributions

Unamortized external capital contributions reflect transactions accounted for in accordance with the accounting policy described in Note 2a (iii). The balance at the end of year represents the external capital contributions that will be recognized as revenue in future years.

	2003	2002
Balance, beginning of year	$ 118,813	$ 113,523
Add amounts transferred from deferred capital contributions (note 7)	13,584	15,276
Less amount recognized as revenue:		
General operations	(11,125)	(9,797)
Ancillary operations	(193)	(189)
Less transfer to internal equity	(40)	–
Less net book value of disposals	(1,783)	–
Balance, end of year	$ 119,256	$ 118,813

Note 9 Commitments and contingencies

(a) Commitments:

Future minimum lease payments under operating leases relating primarily to office and warehouse space are as follows:

2004	$ 192
2005	74
2006	14
	$ 280

(b) Contingencies:

The Board is defendant in various lawsuits as of March 31, 2003. While it is not possible to estimate the ultimate liability with respect to the pending litigation, the Board's Council is satisfied that there will be no material adverse impact on the financial position of the Board as of March 31, 2003.

Note 10 Budget

	Approved budget[1]	Changes[2]	Reported budget
Revenues:			
Alberta Health and Wellness contributions	$ 150,251	$ 1,500	$ 151,751
Other government contributions	811		811
Fees and charges	2,258		2,258
Ancillary operations, net	150		150
Donations	3,976		3,976
Investment and other revenue	22,326		22,326
Amortization of external capital contributions	10,249		10,249
	190,021	1,500	191,521
Expenses:			
Facility based inpatient acute care services	11,435		11,435
Facility based outpatient services	51,098		51,098
Community services	17,323		17,323
Diagnostic and therapeutic services	45,566		45,566
Promotion, prevention and protection services	8,747		8,747
Research and education	21,780		21,780
Administration	5,582		5,582
Information technology	5,541	1,500	7,041
Support services	18,813		18,813
Amortization of facilities and improvements	4,136		4,136
	190,021	1,500	191,521
Excess of revenues over expenses	$ —	$ —	$ —

Note 10 Budget, continued

(1) The budget was approved by the Board on March 28, 2002, and approved by the Minister of Health and Wellness.

(2) The budget was adjusted by $1.5 million as a result of funding provided by Alberta Health and Wellness to assist in the implementation of the Integrated Cancer Care Network.

Note 11 Alberta Health and Wellness contributions

	Budget	2003	2002
Unrestricted contributions	$ 141,628	$ 146,628	$ 126,150
Transfers from deferred contributions (note 6)	10,123	10,197	7,331
	$ 151,751	$ 156,825	$ 133,481

Note 12 Other government contributions

	Budget	2003	2002
Alberta Treasury	$ 10	$ –	$ 10
Government of Canada	801	971	967
Alberta Alcohol and Drug Abuse Commission	–	34	–
	$ 811	1,005	$ 977

Note 13 Fees and charges

	2003	2002
Acute care:		
Inpatient revenue	$ 1,228	$ 1,102
Outpatient revenue	2,602	1,175
Preferred accommodation	2	–
Federal government	107	117
Workers Compensation Board (WCB)	96	76
	$ 4,035	$ 2,470

Note 14 Ancillary operations

	2003					2002
	Non-patient food service operations	Parking operations	Edmonton Radio-pharmaceutical Centre	Total	Budget	Total
Revenues	$ 870	$ 421	$ 3,267	$ 4,558	$ 3,765	$ 4,018
Amortization of deferred capital contributions	4	189		193	193	189
	874	610	3,267	4,751	3,958	4,207
Expenses						
Amortization	4	189	29	222	192	224
Other expenses	876	377	2,789	4,042	3,616	3,782
	880	566	2,818	4,264	3,808	4,006
Excess (deficiency) of revenues over direct expenses 2002 – 2003	$ (6)	$ 44	$ 449	$ 487	$ 150	$ 201
Excess (deficiency) of revenues over direct expenses 2001 – 2002	$ (146)	$ 49	$ 198	$ 201	$ 172	$ 150

Note 15 Investment and other income

	Budget	2003	2002
Unrestricted investment income	$ 2,408	$ 1,737	$ 551
Investment write-downs	–	(1,330)	(1,655)
Restricted research and operating grants	10,000	8,144	9,060
Drug rebates and other recoveries	9,918	9,492	10,030
	$ 22,326	$ 18,043	$ 17,986

Investment income (loss) comprises interest, dividends, amortization of discount and premiums, and net gains (losses) on disposal of investments.

Note 16 Administration

	Budget	2003	2002
General administration	$ 4,106	$ 3,835	$ 3,936
Finance	518	485	484
Personnel	958	898	1,023
	$ 5,582	$ 5,218	$ 5,443

Note 17 Support services

	Budget	2003	2002
Medical physics	$ 5,743	$ 6,014	$ 5,518
Building maintenance, operations and security	5,268	5,784	5,052
Education	691	587	591
Housekeeping	1,632	1,624	1,553
Laundry and linen	400	400	389
Materials management	1,065	1,011	1,017
Patient health records	3,400	3,479	3,122
Patient representative	125	127	114
Volunteer services	489	494	474
	$ 18,813	$ 19,520	$ 17,830

Note 18 Related parties

(a) The Province of Alberta:

The Board operates under the authority of the Province of Alberta. Transactions between the Board and the Province of Alberta are disclosed in the statements of operations and notes 6, 7, 11 and 12.

(b) Regional Health Authorities ("RHA's"):

The Board operates the Tom Baker Center in Calgary, its four Regional Cancer Clinics and eleven Community Cancer Centers in facilities that are attached to RHA facilities or otherwise belong to RHA's. The RHA's provide both medical and building services to the Cancer Clinics on a cost recovery basis. The services provided by the RHA's are:

	2003	2002
Calgary RHA	$ 9,834	$ 10,373
Other RHA's	2,038	1,096
	$ 11,872	$ 11,469

(c) Alberta Cancer Foundation:

The Board controls the Alberta Cancer Foundation which raises money for cancer research and other cancer related activities and services. The Foundation is registered with Revenue Canada as a charitable foundation.

During the year, the Board received operating, research and capital grants from the Alberta Cancer Foundation totalling $6,042 (2002 – $4,540). At March 31, 2003, an amount of $181 was due from the Foundation (2002 – $655).

Note 18 Related parties, continued

The Alberta Cancer Foundation has not been consolidated in the Board's financial statements. Audited financial statements of the Foundation are available upon request. A financial summary of the Alberta Cancer Foundation as at March 31, 2003 and 2002 and for the years then ended is as follows:

	2003	2002
Financial position:		
Assets	$ 40,807	$ 40,243
Liabilities	(3,015)	(4,316)
	$ 37,792	$ 35,927
Net assets:		
Accumulated excess of revenues over expenses	$ 1,186	$ 840
Investment in capital assets	72	64
Internally established endowments	18,419	17,526
Endowments	18,115	17,497
	$ 37,792	$ 35,927
Results of operations:		
Total revenue	$ 8,309	$ 6,538
Total expenses	7,062	5,693
Excess of revenue over expenses	$ 1,247	$ 845

Note 18 Related parties, continued

(d) Cross Cancer Institute Volunteer Association:

The Board exercises significant influence over the Cross Cancer Institute Volunteer Association which was incorporated under the Societies Act of the Province of Alberta to provide services for the care and comfort of patients of the Cross Cancer Institute.

The net revenues were expended by the Association, at its discretion, in accordance with the Board's objectives (see note 1).

	2003	2002
Total assets	$ 322	$ 291
Total liabilities	162	87
Net assets	$ 160	$ 204
Revenues	$ 309	$ 307
Expenses	353	270
Excess of revenues over expenses	$ (44)	$ 37

Certain accommodation costs and a portion of salary costs incurred in the administration of the Association are borne by the Board and are included as expenditures of the Board.

Note 19 Pension costs

The Board participates in the Public Service Pension Plan which is a multi-employer defined benefit plan. The pension expense recorded in these financial statements is equal to the annual contributions payable of $4,990 for the year ended March 31, 2003 (2002 – $4,617). At December 31, 2002, the Public Service Pension Plan reported a deficit of $175,428 (2001 – surplus $320,487).

Note 20 Trust funds

The Board receives funds in trust from Alberta Health and Wellness and various conference sponsors. These amounts are not reported in the financial statements.

	Deposits	Withdrawals	March 31, 2003	March 31, 2002
Alberta Tobacco Reduction Alliance	58	190		132
Other trust accounts	348	236	281	169
	$ 406	$ 426	$ 281	$ 301

Note 21 Drug costs

The cost of cancer drugs is recorded as follows:

	2003	2002
Drug costs included in drugs, gases, medical and surgical supplies per Schedule 1	$ 40,486	$ 34,660
Less recoveries included in investment and other income per Statement of Operations	(3,915)	(4,442)
Less billings to patients and third parties included in fees and charges per Statement of Operations	(982)	—
	$ 35,589	$ 30,218

Note 21 Drug costs, continued

Certain drugs are provided to the Board by pharmaceutical companies to run clinical trials. For those drugs where fair value exists, the value of the drugs are recorded as other income and a cost of this same amount is recorded in drugs, gases, medical and surgical supplies. Drugs under development that are provided to the Board are not recorded in the financial statements as no fair value is determinable. The fair value of drugs provided and recorded in 2003 is $1,600 (2002 - $1,600).

Note 22 Comparative figures

Certain 2002 figures have been reclassified to conform to the 2003 presentation.

Note 23 Approval of financial statements

The financial statements have been approved by the Board of Directors.

ALBERTA CANCER BOARD
SCHEDULE 2 - SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003							2002			
					Severance				Salaries,		
	Number of individuals[1]	Salaries and honoraria[1]	Benefits and allowances[1]	Subtotal	Number of individuals	Amount[1,6]	Total	Number of individuals[1]	Honoraria and Benefits[1]	Severance amount[1,6]	Total
Board members:											
Chairperson											
Gary Campbell	1	35	-	35	-	-	35	1	30	-	30
Members											
Fred Dibben	1	4		4	-	-	4	1	5	-	5
Gordon Ganong	1	4		4	-	-	4	1	2	-	2
Elizabeth Hall-Petry	1	7		7	-	-	7	1	10	-	10
Jack Halpin	1	8		8	-	-	8	1	7	-	7
Allan Hargreaves	1	4		4	-	-	4			-	-
Patricia Jones	1	6		6	-	-	6	1	6	-	6
Richard Melchin	1	3		3	-	-	3	1	1	-	1
Irene Nicolson	1	4		4	-	-	4			-	-
Mary-Lou Robertson	1	3		3	-	-	3	1	7	-	7
Brian Rogers	1	4		4	-	-	4			-	-
Bronwyn Shoush	1	6		6	-	-	6	1	4	-	4
Derril Stephenson	-							1	3		3
Total honoraria	12	88		88	-	-	88	10	75	-	75
Staff											
Chief Executive Officer[1,5]	1	349	31	380	-	-	380	1	348	-	348
Management person(s) reporting to the CEO[1,5]											
VP (Finance & Admin)	1	181	5	186	-	-	186	1	173	-	173
VP (Research)	1	90	2	92	-	-	92	1	83	-	83
VP (ACB Director EPS)	1	276	25	301	-	-	301	1	273	-	273
Other Management (avg. 2003 $60, avg. 2002 $66) (excluding severance)	197	10,476	1,416	11,892	-	-	11,892	208	13,647	110	13,757
Medical doctors not included above (avg. 2003 $205, avg. 2002 $204) (excluding severance)	18	3,364	334	3,698			3,698	16	3,432	-	3,432
Regulated nurses not included above (avg. 2003 $72, avg. 2002 $69) (excluding severance)	109	6,881	1,021	7,902	2	7	7,909	101	7,053	-	7,053
Other health technical and professionals (avg. 2003 $74, avg. 2002 $67) (excluding severance)	267	17,529	2,201	19,730	1	43	19,773	273	18,390		18,390
Other staff (avg. 2003 $52, avg. 2002 $48) (excluding severance)	582	26,691	3,790	30,481	-	-	30,481	570	27,741	-	27,741
Total	1,189	65,925	8,825	74,750	3	$ 50	$ 74,800	$ 1,187	71,215	$ 110	$ 71,325

ALBERTA CANCER BOARD
SCHEDULE 1 – EXPENSES BY OBJECT
YEAR ENDED MARCH 31, 2003
(thousands of dollars)

	2003		2002
	Budget	Actual	Actual
Salaries, honoraria, benefits, allowances and severance (Schedule 2)	$ 74,315	$ 74,800	$ 71,325
Drugs, gases, medical and surgical supplies (note 21)	40,616	42,900	36,618
Consulting services	24,298	25,048	18,170
Other	43,558	40,303	39,477
Amortization:			
Capital equipment – internally funded	2,293	2,894	2,443
Capital equipment – externally funded	6,113	6,939	5,827
Facilities and improvements, cancer operations	4,136	4,379	4,159
	195,329	197,263	178,019
Less amount reported in ancillary operations (note 14)	(192)	(222)	(224)
Amortization	(3,616)	(4,042)	(3,782)
Other expenses	(3,808)	(4,264)	(4,006)
	$ 191,521	$ 192,999	$ 174,013

ALBERTA CANCER BOARD

SCHEDULE 2 – SALARIES, HONORARIA, BENEFITS, ALLOWANCES AND SEVERANCE, CONTINUED

MARCH 31, 2003

(thousands of dollars)

(1) Number of individuals consists of full time equivalents except for Board members.

Full time equivalent has been determined as 2,022.75 hours per employee.

(2) Salary includes regular base pay, bonuses, overtime, lump sum payments, honoraria and any other remuneration.

(3) Benefits and allowances include contributions or payments made on behalf of employees including pensions, health care, dental coverage, out of country medical benefits, group life insurance, accidental disability and dismemberment insurance, long and short disability plans, as well as the statutory benefits of Canada Pension Plan, Employment Insurance and Workers' Compensation.

(4) Severance includes all monies paid directly or on behalf of an employee upon termination which are not or have not been included in salaries and benefits.

(5) The Chief Executive Officer is provided with an automobile; no dollar amount is included under benefits and allowances.

(6) The salaries of three vice presidents are not reflected on this schedule because their services are rendered through professional corporations.

Alphabetical List of Government Entities' Financial Statements in Ministry 2002/2003 Annual Reports

Entities included in the consolidated government reporting entity

Ministry, Department, Fund or Agency	Ministry Annual Report
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Government Telephones Commission, The	Finance
Alberta Heritage Foundation for Medical Research Endowment Fund	Revenue
Alberta Heritage Savings Trust Fund	Revenue
Alberta Heritage Scholarship Fund	Revenue
Alberta Heritage Science and Engineering Research Endowment Fund	Revenue
Alberta Historical Resources Foundation, The	Community Development
Alberta Insurance Council	Finance
Alberta Municipal Financing Corporation	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Revenue
Alberta School Foundation Fund	Learning
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Revenue
Alberta Social Housing Corporation	Seniors
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Awasak Child and Family Services Authority	
Calgary Rocky View Child and Family Services Authority	
Child and Family Services Authority Region 13	
Child and Family Services Authority Region 14	
Diamond Willow Child and Family Services Authority	
Hearthstone Child and Family Services Authority	
Keystone Child and Family Services Authority	
Ma' Mowe Capital Region Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Neegan Awas'sak Child and Family Services Authority	
Ribstone Child and Family Services Authority	

Ministry, Department, Fund or Agency	Ministry Annual Report
Sakaigun Asky Child and Family Services Authority	
Sakaw-Askiy Child and Family Services Authority	
Silver Birch Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Sun Country Child and Family Services Authority	
West Yellowhead Child and Family Services Authority	
Windsong Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Crop Reinsurance Fund of Alberta	Agriculture, Food and Rural Development
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Learning	Learning
Department of Revenue	Revenue
Department of Seniors	Seniors
Department of Solicitor General	Solicitor General
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation, The	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Finance	Finance
Ministry of Executive Council[1]	Executive Council
Ministry of Gaming	Gaming

[1] Ministry includes only the department so separate department financial statements are not necessary.

Ministry, Department, Fund or Agency	Ministry Annual Report
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure[1]	Infrastructure
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Learning	Learning
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Revenue	Revenue
Ministry of Seniors	Seniors
Ministry of Solicitor General	Solicitor General
Ministry of Sustainable Resource Development	Sustainable Resource Development
Ministry of Transportation[1]	Transportation
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development
Persons with Developmental Disabilities Boards:	Community Development
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Michener Centre Facility Board[2]	
Northeast Region Community Board	
Northwest Region Community Board	
Provincial Board	
South Region Community Board	
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General
Wild Rose Foundation, The	Community Development

[1] Ministry includes only the department so separate department financial statements are not necessary.
[2] Dissolved July 23, 2002.

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	Ministry Annual Report
Alberta Cancer Board	Health and Wellness
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Mental Health Board	Health and Wellness
Alberta Teachers' Retirement Fund Board	Learning
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan — Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan — Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Public Post Secondary Institutions	Learning
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Regional Health Authorities	Health and Wellness
School Boards	Learning
Special Areas Trust Account, The	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Provincial Judges and Masters in Chambers	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment